



# INTERNATIONAL SMALL-CAP EQUITY STRATEGY

21 JUNE 2017

Presentation to:



**L. Kenneth Brooks**  
Institutional Business Development Executive

**Jason A. White**  
Portfolio Specialist

**Australia**

Suite 43, 44, Level 27  
101 Collins Street  
Melbourne VIC 3000  
Australia  
+61.03.9225.5434

**Italy**

Via Torino 2  
20123, Milan  
Italy  
+39.02.72546615

**Sweden**

Östermalmstorg 1  
114 42 Stockholm  
Sweden  
+46-85-025-65-93

**Australia**

Level 50, Governor Phillip Tower  
1 Farrer Place, Suite 50B  
Sydney NSW 2000  
Australia  
+61.2.8667.5700

**Japan**

GranTokyo South Tower 7F  
9-2, Marunouchi 1-chome,  
Chiyoda-ku, Tokyo  
100-6607, Japan  
+81.3.6758.3800

**Switzerland**

Talstrasse 65, 6th Floor  
8001 Zurich  
Switzerland  
+41.44.227.1550

**Canada**

Suite 4240, 77 King Street West  
TD North Tower  
P.O. Box 87  
Toronto, ON M5K 1G8  
Canada  
+1.416.360.5777

**Luxembourg**

35 Boulevard Prince Henri  
L-1724 Luxembourg  
Grand Duchy of Luxembourg  
+352.27.47.251

**United Arab Emirates**

Dubai International  
Financial Centre  
The Gate, Level 15, Office 24  
PO Box 482023  
Dubai  
United Arab Emirates  
+971.4.4019266

**Denmark**

Tuborg Havnevej 19  
DK-2900 Hellerup  
Denmark  
+45.33.36.05.00

**Netherlands**

Strawinskylaan 1047  
1077 XX Amsterdam  
Netherlands  
+31.20.333.62.00

**United Kingdom**

60 Queen Victoria Street  
London, EC4N 4TZ  
United Kingdom  
+44.20.7651.8200

**Germany**

Bockenheimer Landstraße  
17/19  
60325 Frankfurt am Main  
Germany  
+49.69.71045.5218

**Singapore**

501 Orchard Road  
10-02 Wheelock Place  
Singapore 238880  
+65.6836.0098

**United States**

100 East Pratt Street  
Baltimore, MD 21202  
United States  
+1.410.345.2000

333 Bush Street, Suite 2550  
San Francisco, CA 94104  
United States  
+1.415.772.9950

**Hong Kong**

21/F Jardine House  
1 Connaught Place  
Central, Hong Kong  
+852.2536.7800

**Spain**

Torre Europa  
Paseo de la Castellana 95-15  
28046 Madrid  
Spain  
+34.91.418.69.50

# T. ROWE PRICE—PRESENTERS



## Institutional Business Development Executive

### **L. Kenneth Brooks**

Vice President—Institutional Business Development Executive

- 24 years of experience in institutional investment management sales;
- 13 years with T. Rowe Price.



## Portfolio Specialist

### **Jason A. White**

Vice President—Portfolio Specialist: International Equities

- 15 years of investment experience;
- 12 years with T. Rowe Price.

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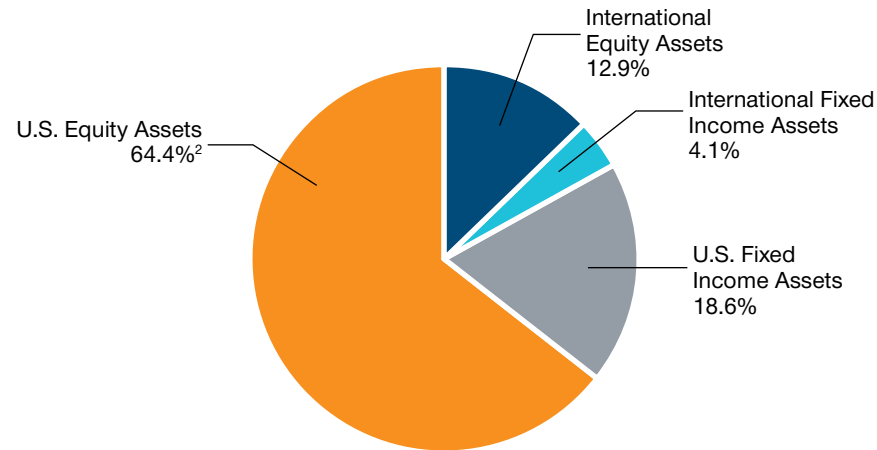
GIPS® Disclosure

# OVERVIEW

# T. ROWE PRICE BUSINESS SNAPSHOT

**Assets Under Management: 861.6 Billion USD<sup>1</sup>**

As of 31 March 2017



Institutional accounts represent nearly 50% of the firm's assets under management.<sup>3</sup>

<sup>1</sup> The combined assets under management of the T. Rowe Price group of companies. The T. Rowe Price group of companies includes T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd., and T. Rowe Price (Canada), Inc.

<sup>2</sup> Includes U.S. Equity and U.S. Balanced assets.

<sup>3</sup> Corporate, Public, Non-Profit, Taft-Hartley clients, and Endowments/Foundations.  
Numbers may not add to 100% due to rounding.

# ABOUT T. ROWE PRICE

As of 31 March 2017

## **Independent investment organization**

- Focused solely on investment management and related services
- Public holding company structure with substantial employee ownership

## **Globally diversified organization managing 861.6 billion USD<sup>1</sup>**

- Investment capabilities span all major public asset classes
- Balanced by distribution channel

## **Proprietary fundamental research is our lifeblood**

- 253 research analysts worldwide<sup>2</sup>

## **Highly stable organization**

- Seasoned portfolio management teams—average 21 years of investment experience and 16 years tenure with T. Rowe Price
- Management Committee averages 15 years of experience with T. Rowe Price
- Strong financial position allows us to continue to invest in our global team of investment professionals

Our organizational independence helps to foster an environment where our clients' interests come first.

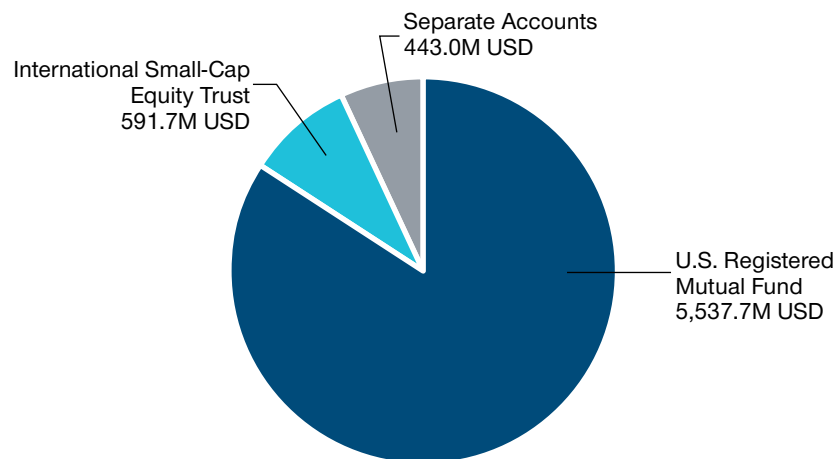
<sup>1</sup> The combined assets under management of the T. Rowe Price group of companies. The T. Rowe Price group of companies includes T. Rowe Price Associates, Inc., T. Rowe Price International Ltd, T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd., and T. Rowe Price (Canada), Inc.

<sup>2</sup> 12 Sector Portfolio Managers, 138 Investment Analysts, 48 Associate Analysts, 50 Quantitative Analysts, and 5 Specialty Analysts.

# INTERNATIONAL SMALL-CAP ASSETS

**Total International Small-Cap Assets: 6.6 Billion USD<sup>1</sup>**

As of 31 March 2017



<sup>1</sup> The combined International Small-Cap assets of the T. Rowe Price group of companies.

Strategy assets under management for the T. Rowe Price U.S.-registered mutual funds and common trust funds are calculated based on the closing price of the security in its respective market and may differ from the net asset value of the fund.

Numbers may not total due to rounding.

# INTERNATIONAL SMALL-CAP ADVANTAGE

As of 31 March 2017

## **Investing in dedicated international small-cap mandates since 1988**

- 5.6 billion USD in international small-cap assets under management<sup>1</sup>

## **London-based lead portfolio manager has 25 years of small-cap experience, including 18 years tenure at the helm of our International Small-Cap Equity Strategy**

- Supported by a team of two portfolio managers based in Tokyo and Hong Kong, respectively

## **Idea generation sourced from a broad and deep analyst team stationed around the globe**

- 154 equity research professionals worldwide<sup>2</sup>

## **Investment team structured to exploit local factor and global themes**

## **Investment process built on a bottom up approach, focused on fundamental decision-making**

- Stock selection has been the primary source of value-add

<sup>1</sup> As of 31 March 2017, the combined International Small-Cap assets of the T. Rowe Price group of companies.





<sup>2</sup> 12 sector portfolio managers, 89 research analysts, 42 associate research analysts, 6 quantitative analysts, and 5 specialty analysts as of 31 March 2017.

# INTERNATIONAL SMALL-CAP EQUITY INVESTING

TEAM  
PHILOSOPHY  
PROCESS

# INTERNATIONAL SMALL-CAP EQUITY STRATEGY INVESTMENT TEAM

As of 31 March 2017

| International Small-Cap Equity Strategy<br>Portfolio Management Team<br>Stability   Depth   Collaboration   |  |  |   |
|---|--|--|---|
|  <p><b>Justin Thomson (London)</b><br/>Chairman of Advisory Committee<br/>Lead Portfolio Manager</p> <ul style="list-style-type: none"> <li>Responsibility: Europe, Middle East, Africa, and Latin America;</li> <li>25 years of investment experience</li> <li>18 years with T. Rowe Price                             <ul style="list-style-type: none"> <li>M.A., Cambridge University</li> </ul> </li> </ul> |  <p><b>Hiroshi Watanabe, CFA (Tokyo)</b><br/>Portfolio Manager</p> <ul style="list-style-type: none"> <li>Responsibility: Japan;</li> <li>10 years of investment experience</li> <li>10 years with T. Rowe Price                             <ul style="list-style-type: none"> <li>M.B.A., University of California</li> <li>B.Sc., University of Tokyo</li> </ul> </li> </ul> |  <p><b>Wenli Zheng (Hong Kong)</b><br/>Portfolio Manager</p> <ul style="list-style-type: none"> <li>Responsibility: Asia ex-Japan;</li> <li>8 years of investment experience</li> <li>8 years with T. Rowe Price                             <ul style="list-style-type: none"> <li>M.B.A., University of Chicago</li> <li>B.A., South China University School of Technology</li> </ul> </li> </ul> |  <p><b>Jason A. White (Baltimore)</b><br/>Portfolio Specialist</p> <ul style="list-style-type: none"> <li>15 years of investment experience</li> <li>12 years with T. Rowe Price                             <ul style="list-style-type: none"> <li>M.B.A., University of Chicago</li> </ul> </li> </ul> |
| <p><b>Dedicated International Small-Cap Analysts</b><br/>                     Ben Griffiths, CFA • Northern Europe<br/>                     Michael Niedzielski • Southern Europe<br/>                     Sin Dee Tan, CFA • United Kingdom<br/>                     Tetsuji Inoue, CPA • Japan<br/>                     Michael Jacobs • Japan<br/>                     Simon Cheng, CFA, CPA • Greater China<br/>                     Vishnu Gopal • India and ASEAN</p>                       |  |  |   |
| <p><b>Global Equity Research Team</b><br/>                     154 Research Analysts   Industry Specialists<sup>1</sup></p>   |  |  |   |

<sup>1</sup> 12 sector portfolio managers, 89 research analysts, 42 associate research analysts, 6 quantitative analysts, and 5 specialty analysts as of 31 March 2017.

# EQUITY RESEARCH TEAM

As of 31 March 2017

| HEADS OF EQUITY                                       |             |  |     | DIRECTORS OF EQUITY RESEARCH                             |     |  |     | ASSOCIATE DIRECTORS OF EQUITY RESEARCH                   |     |  |     |   |     |
|---|-------------|--|-----|--|-----|--|-----|--|-----|--|-----|---|-----|
| Christopher D. Alderson<br>Global Co-Head             | LON         | Eric L. Veiel, CFA<br>U.S.                                 | BAL | Kamran Baig<br>EMEA and Latin America                    | LON | Jason Polun, CFA<br>North America                  | BAL | Kes Visuvalingam, CFA<br>Asia                            | SGP | Jai Kapadia<br>Asia  | HKG | Viral Patel<br>Australia  | SYD |
| Robert W. Sharps, CFA<br>Global Co-Head               | BAL         |  |     | Stephon Jackson, CFA<br>North America                    | BAL | Mitchell Todd, CA<br>Developed Europe              | LON | Thomas Watson, CFA<br>North America                      | BAL | Tobias Mueller, CFA<br>Developed Europe                    | LON |   |     |
| HEALTH CARE   | INDUSTRIALS |  |     | TECHNOLOGY   |     | CONSUMER/RETAIL                                    |     | FINANCIAL SERVICES                                       |     | NATURAL RESOURCES  |     | REGIONAL GENERALISTS  |     |
| Ziad Bakri, CFA, MD <sup>1</sup><br>U.S. Biotech      | BAL         | Jason Adams<br>U.S. Aerospace and Defense                  | BAL | Ken Allen <sup>1</sup><br>U.S. Hardware/Software         | BAL | Gbemi Adeniyi-Williams<br>EMEA Generalist/Consumer | LON | Malik Asif<br>EMEA Banks                                 | LON | Haider Ali<br>Asia Ex-Japan Oil & Gas                      | HKG | Ulle Adamson, CFA <sup>1</sup><br>EMEA                              | LON |
| Melissa Gallagher, Ph.D.<br>OUS Pharma/Biotech        | LON         | Peter Bates, CFA <sup>1</sup><br>U.S. Conglomerates        | BAL | Greg Dunham, CFA<br>U.S. Software                        | BAL | Paulina Amieva<br>Latin America Generalist         | BAL | Jon Casper<br>U.S. Financials                            | BAL | Sheena Barbosa, CFA<br>Asia Ex-Japan Utilities/Infra.      | HKG | Martin Baylac<br>Latin America                                      | LON |
| John Hall, Ph.D.<br>U.S. SMID Biotech                 | BAL         | Andrew Chang<br>Japan and Asia Ex-Japan Auto/Steel         | SGP | Tobias Mueller, CFA<br>Europe Semi./Software             | LON | Tim Bei, CFA<br>U.S. Consumer Discretionary        | BAL | Vincent DeAugustino, CFA<br>U.S. SMID Financials         | BAL | Ryan Burgess, CFA <sup>1</sup><br>U.S. Chemicals/Utilities | BAL | Simon Cheng, CFA, CPA<br>Greater China Small-Cap                    | HKG |
| Rachel Jonas<br>U.S. SMID Healthcare                  | BAL         | Andrew Davis<br>U.S. Transports                            | BAL | Emily Scudder, CFA, CPA<br>U.S. Hardware                 | BAL | Ira Carnahan, CFA<br>U.S. Consumer Discretionary   | BAL | Christopher Fortune, CFA<br>U.S. Small-Cap Banks         | BAL | Chris Driessen<br>Metals & Mining                          | BAL | Archibald Ciganer, CFA <sup>1</sup><br>Japan Transports/Consumer    | TOK |
| Adam Poussard, CFA<br>U.S. Services & Equipment       | BAL         | Ryan Ferro, CFA<br>U.S. SMID Industrials                   | BAL | Joshua Spencer, CFA <sup>1</sup><br>U.S. Semi./Equipment | BAL | Eric DeVilbiss, CFA<br>U.S. Restaurants            | BAL | Yoichiro Kai, CMA<br>Asia Banks/Insurance                | SGP | Shawn Driscoll <sup>1</sup><br>U.S. E&P                    | BAL | Anouk Dey, CFA<br>U.S. SMID-Cap                                     | BAL |
| Kyle Rasbach, Ph.D., Pharm.D.<br>U.S. Pharma          | BAL         | Joel Grant, CFA<br>U.S. Autos                              | BAL | Alan Tu, CFA<br>U.S. Software                            | BAL | Amanda Hall, CFA<br>Europe Consumer                | LON | Gregory Locraft, Jr.<br>U.S. P&C Insurance               | BAL | Ryan Hedrick, CFA<br>U.S. Coal/Utilities                   | BAL | Vishnu Gopal<br>India & ASEAN Small-Cap                             | HKG |
| Hung Shih, Ph.D.<br>U.S. Biotech                      | BAL         | Gianluca Guicciardi, CFA<br>Capital Goods                  | LON | Alison Yip<br>Asia Ex-Japan Hardware                     | HKG | Michael Jacobs<br>Japan Retail/Leisure             | TOK | Jihong Min<br>Southeast Asia Banks                       | SGP | Jon Hussey<br>U.S. Agriculture                             | BAL | Ben Griffiths, CFA <sup>1</sup><br>Europe Small-Cap                 | LON |
| Dai Wang<br>Chinese Healthcare                        | HKG         | Hiromasa Ikeda<br>Japan Small-Cap Industrials              | HKG | MEDIA/TELECOM  |     | Jacob Kann, CFA<br>Discretionary                   | BAL | Shinwoo Kim<br>U.S. Energy Services                      | SGP | Thibault Nardin<br>Europe Banks                            | BAL | Nabil Hanano, CFA<br>Europe   | BAL |
| Jon Wood<br>U.S. Medical Devices/Tools                | BAL         | Curt Organt, CFA <sup>1</sup><br>U.S. Small-Cap Generalist | BAL | Paul Cho<br>U.S. Cable/Satellite                         | BAL | Rekha Marda<br>U.S. Food Retail/Durables           | BAL | Thibault Nardin<br>Europe Banks                          | LON | Matt Mahon<br>U.S. Chemicals                               | BAL | Tetsuji Inoue, CPA<br>Japan Small-Cap/Real Estate, Japan Technology | TOK |
| Rouven Wool-Lewis, Ph.D.<br>U.S. Services & Hospitals | BAL         | Melanie Rizzo, CFA<br>U.S. Trucking/Machinery              | BAL | Paul Greene <sup>1</sup><br>U.S. Advertising/Internet    | BAL | Sridhar Nishtala<br>Asia Ex-Japan Staples          | SGP | Jeff Nathan<br>U.S. Homebuilders                         | BAL | Ryan Martyn<br>Australia Energy/Industrials                | SYD | Randal Jenneke <sup>1</sup><br>Australia Media/Consumer             | SYD |
|   |             | Eunbin Song, CFA<br>Asia Ex-Japan Auto/C&E                 | HKG | Aden Lau<br>Asia Ex-Japan Telecom/Fin.                   | SGP | Robert Quinn, Jr.<br>U.S. Consumer Staples         | BAL | Matt Snowling, CFA<br>U.S. Asset Managers/Brokers        | BAL | Chris O'Neill<br>U.S. E&P                                  | BAL | Jai Kapadia<br>Asia Real Estate/Conglom.                            | HKG |
|   |             | Rupinder Vig<br>Capital Goods                              | LON | Jacqueline Liu<br>Asia Ex-Japan Internet                 | HKG | Sebastian Schrott<br>European Luxury/Retail        | LON | Gabriel Solomon <sup>1</sup><br>U.S. Money Center/Insur. | BAL | Timothy Parker, CFA <sup>1</sup><br>U.S. E&P               | BAL | Mark Lawrence, CFA<br>EMEA  | LON |
|   |             | BUSINESS SERVICES  |     | Corey Shull, CFA<br>U.S. Media/Internet                  | BAL | Brian Solomon, CFA<br>U.S. Cruise/Lodging          | BAL | Zenon Voyiatzis<br>Europe Insur./Financials              | LON | Vivek Rajeswaran, CFA<br>U.S. Equip. & Services            | BAL | Oxana Lyalina, CFA<br>EMEA  | LON |
|   |             | Shaun Currie, CFA<br>U.S. Business Services                | BAL | Jim Stillwagon<br>U.S. Advertising/Media                 | BAL | Vivian Si<br>U.S. Mass Merch. / Apparel            | BAL | REAL ESTATE  |     | Thomas Shelmerdine<br>Australian Metals & Mining           | SYD | Michael Niedzielski<br>Europe Small-Cap                             | LON |
|   |             | Jon Friar<br>U.S. Business Services                        | BAL | Christopher Whitehouse<br>Europe Media/Telecom           | LON | Konstantin Stoev, CFA<br>European Staples and Auto | LON | Dan McCulley, CFA<br>U.S. Real Estate                    | BAL | John Sherman<br>European Chemicals/Indus.                  | LON | Paul O'Sullivan, ACA<br>Australia Financials/H.C.                   | SYD |
|   |             | Ian McDonald, CFA<br>U.S. Business Services                | BAL |  |     | John Williams, CFA<br>Large-Cap Consumer Staples   | BAL | Preeta Ragavan, CFA<br>U.S. Real Estate                  | BAL |  |     | Seun Oyegunle, CFA<br>EMEA  | LON |
|   |             | Jared Murphy<br>U.S. Bus. Serv./Industrials                | BAL |  |     | Eric Yuan<br>Regional Gaming                       | HKG |  |     |  |     | Viral Patel<br>Australia REITS/Retail                               | SYD |
|   |             |  |     |  |     |  |     |  |     |  |     | Alexander Roik<br>SMID Value  | BAL |
|   |             |  |     |  |     |  |     |  |     |  |     | Sin Dee Tan, CFA<br>Europe Small-Cap                                | LON |
|   |             |  |     |  |     |  |     |  |     |  |     | Verena Wachnitz, CFA <sup>1</sup><br>Latin America                  | LON |
|   |             |  |     |  |     |  |     |  |     |  |     | Hiroshi Watanabe, CFA <sup>1</sup><br>Japan SMID-Cap                | TOK |
|   |             |  |     |  |     |  |     |  |     |  |     | Marta Yago<br>Latin America   | LON |

14 Equity Research Professionals worldwide<sup>2</sup>

BAL

Baltimore

HKG

Hong Kong

LON

London

SGP

Singapore

SYD

Sydney

TOK

Tokyo

1

Also has portfolio management responsibilities.

2

12 sector portfolio managers, 89 research analysts, 42 associate research analysts, 6 quantitative analysts, and 5 specialty analysts as of 31 March 2017.

154 Equity Research Professionals worldwide<sup>2</sup>

BAL Baltimore SGP Singapore  
HKG Hong Kong SYD Sydney  
LON London TOK Tokyo

<sup>1</sup> Also has portfolio management responsibilities.

<sup>2</sup> 12 sector portfolio managers, 89 research analysts, 42 associate research analysts, 6 quantitative analysts, and 5 specialty analysts as of 31 March 2017.

Highlighted names in orange reflect analysts with at least one stock in International Small-Cap Equity. Highlighted names in blue reflect analysts who are dedicated international small-cap analysts.

## WHY OUR STRUCTURE MAKES SENSE

| Asset Class Attributes                |   | Our Approach  |   | Advantages                           |
|---------------------------------------|---|---|---|--------------------------------------|
| Very Broad and Deep Universe          | + | Lead Portfolio Manager with 18 Years Tenure                           | = | Experience and Leadership            |
|                                       |   | Team Approach with Clear Demarcation by Region                        | = | Proximity and Accountability         |
| Poor Coverage and Inefficient Markets | + | Dedicated, Locally-Based International Small-Cap Equity Strategy Team | = | Local Factors and Discovery Effects  |
|                                       |   | Leverage the T. Rowe Price Global Research Platform                   | = | Global Themes and Industry Expertise |

Our structure promotes information and execution advantages.

# INVESTMENT PHILOSOPHY

## International Small-Cap Equity Strategy

### **Our mission: Early identification of long-term opportunities**

- Understanding local factors and global trends is paramount
- Broad universe of small-cap stocks where poor coverage can lead to pricing inefficiencies and ‘undiscounted change’
- Bottom-up, fundamental research can be effectively employed to identify pricing inefficiencies
- Extended investment horizon helps to exploit pricing inefficiencies
- Research process emphasizes high-quality, durable franchises with good capital allocation and high standards of corporate governance
- Buy early or in a contrarian fashion
- Compounding returns over time can be a powerful source of excess returns
- Risk management—through rigorous analysis and careful portfolio construction—not risk avoidance

# PROSPECTIVE INVESTMENTS—FOCUS ON DURABLE GROWTH

## International Small-Cap Equity Strategy

### INDUSTRY BACKGROUND

- Growing faster than GDP
- Rational competition and pricing

### ESTABLISHED COMPETITIVE ADVANTAGE

- Such that company can grow reliably and compound over time

### FINANCIAL CHARACTERISTICS

- Consistently generates economic value
- Low volatility in operating margin
- High and growing free cash flow

### MANAGEMENT APTITUDE

- The ability to allocate capital
- Leadership to foster successful culture

### STAKEHOLDER INCLUSIVENESS

- Develop product and/or service to the benefit of customers
- High performance culture that treats employees equitably

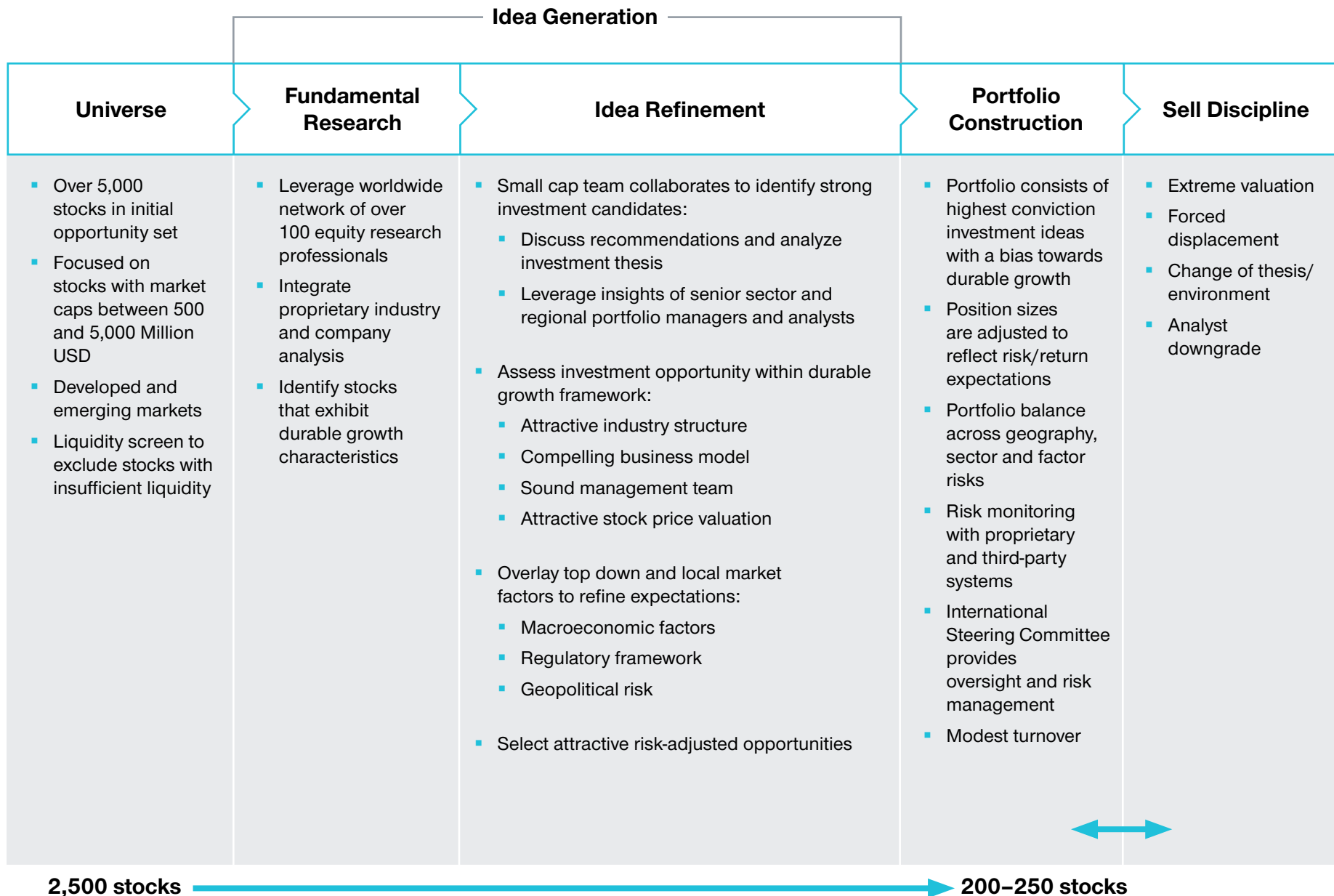
### CORPORATE GOVERNANCE

- Incentive schemes motivate managers to focus on long-term success
- Checks and Balances on executive management

# INVESTMENT PROCESS

## International Small-Cap Equity Strategy

As of 31 March 2017



# EXPECTED INVESTMENT PARAMETERS

## International Small-Cap Equity Strategy

As of 31 March 2017

|   |  |
|---|--|
| <b>Number of Stocks:</b>                | 200–250  |
| <b>Position Sizes:</b>                  | Typical range: 0.1% to 5.0%                              |
| <b>Primary Benchmark:</b>               | S&P Global ex-U.S. Small-Cap Index                       |
| <b>Country Ranges:</b>                  | ±15% relative to benchmark                               |
| <b>Sector Ranges:</b>                   | ±15% relative to benchmark                               |
| <b>Emerging Market Equity Exposure:</b> | ±15% relative to benchmark                               |
| <b>Cash Management:</b>                 | Fully Invested   |
| <b>Currency Hedging:</b>                | Currency views incorporated into stock selection         |
| <b>Expected Tracking Error:</b>         | 350–750 bps  |
| <b>Performance Target:</b>              | 250 bps or greater (gross of fees) relative to benchmark |
| <b>Information Ratio Target:</b>        | 0.5 or greater   |

The performance target is not a formal objective and it can be changed without prior notice.

The expected investment parameters for the International Small-Cap Equity Strategy are relative to the S&P Global ex-U.S. Small-Cap Index and represent anticipated ranges of exposure at the time of purchase. Market fluctuations may cause actual exposure to fall outside these ranges.

## PORTFOLIO CHARACTERISTICS

# PORTFOLIO CHARACTERISTICS

## International Small-Cap Equity Representative Portfolio

As of 31 March 2017

|   | International<br>Small-Cap Equity<br>Representative<br>Portfolio | S&P Global<br>ex-U.S.<br>Small-Cap Index |
|---|--|--|
| Number of Holdings  | 221  | 5,977                                    |
| Number of Markets   | 32   | 50                                       |
| Investment-Weighted Median Market Capitalization (Millions USD) | 2,158  | 1,608                                    |
| Price to Earnings (Current Fiscal Year) <sup>1</sup>            | 18.8X  | 16.6X                                    |
| Earnings Growth Rate (Current Fiscal Year) <sup>1</sup>         | 13.1%  | 10.7%                                    |
| Return on Equity (Current Fiscal Year)                          | 11.7%  | 10.2%                                    |
| One Year Turnover   | 26.7%  | –  |
| Active Share  | 94.6%  | –  |

<sup>1</sup> Source: IBES.

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. Information regarding the representative portfolio and, where applicable, the other accounts in the composite is available upon request. Please see the GIPS® Disclosure page for additional information on the composite.

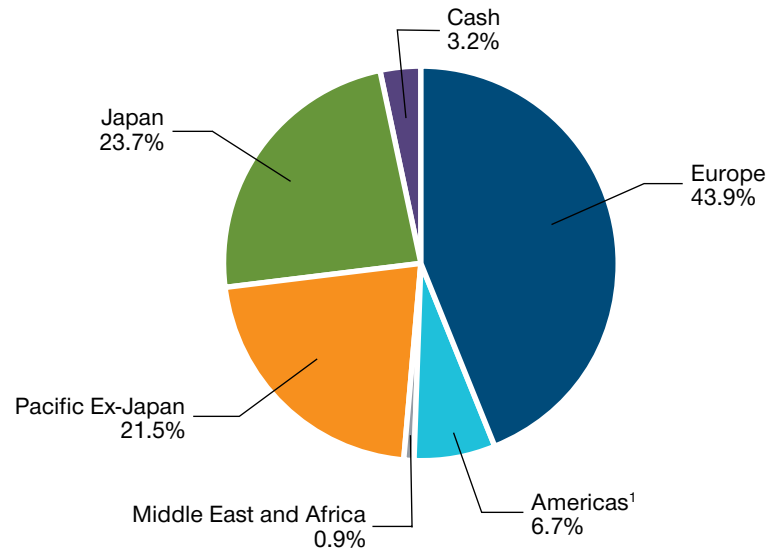
Supplemental information.

Statistics are investment-weighted median unless otherwise noted.

# REGIONAL COMPOSITION

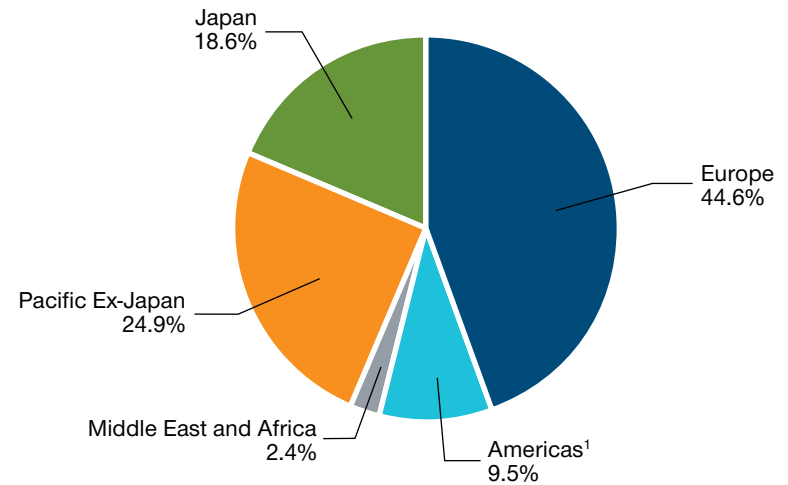
As of 31 March 2017

## INTERNATIONAL SMALL-CAP EQUITY REPRESENTATIVE PORTFOLIO



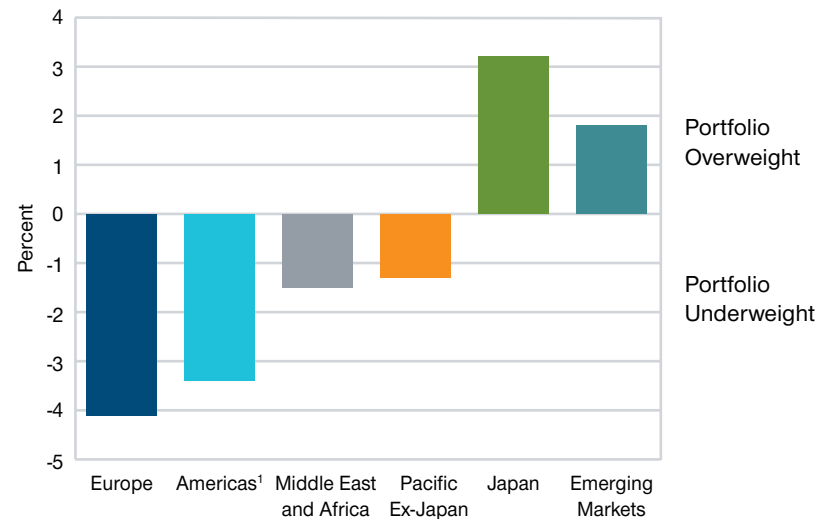
**EMERGING MARKETS: 24.5%**

## S&P GLOBAL EX-U.S. SMALL-CAP INDEX



**EMERGING MARKETS: 22.7%**

## PORTFOLIO VS. S&P GLOBAL EX-U.S. SMALL-CAP INDEX: REGIONAL WEIGHTING DIFFERENCES



<sup>1</sup> Includes North and Latin America.

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. Information regarding the representative portfolio and, where applicable, the other accounts in the composite is available upon request. Please see the GIPS® Disclosure page for additional information on the composite.

Supplemental information.

Numbers may not total due to rounding.

# GEOGRAPHICAL DIVERSIFICATION

As of 31 March 2017

|                         | International<br>Small-Cap Equity<br>Representative<br>Portfolio | S&P Global<br>ex-U.S.<br>Small-Cap Index | Over/Underweighting<br>vs. Index |
|-------------------------|--|--|----------------------------------|
| <b>Europe</b>           | <b>40.5%</b>   | <b>44.6%</b>                             | <b>-4.1%</b>                     |
| Austria                 | 0.0  | 0.2                                      | -0.2                             |
| Belgium                 | 0.0  | 1.1                                      | -1.1                             |
| Denmark                 | 0.5  | 1.1                                      | -0.7                             |
| Finland                 | 0.7  | 0.7                                      | 0.0                              |
| France                  | 3.5  | 6.4                                      | -2.9                             |
| Georgia                 | 0.4  | 0.0                                      | 0.4                              |
| Germany                 | 4.4  | 6.1                                      | -1.6                             |
| Ireland                 | 1.2  | 0.2                                      | 1.0                              |
| Italy                   | 3.5  | 1.8                                      | 1.8                              |
| Luxembourg              | 0.0  | 0.1                                      | -0.1                             |
| Netherlands             | 2.9  | 1.6                                      | 1.3                              |
| Norway                  | 0.5  | 0.5                                      | 0.0                              |
| Poland                  | 0.0  | 0.3                                      | -0.3                             |
| Portugal                | 0.0  | 0.1                                      | -0.1                             |
| Russia                  | 0.3  | 1.0                                      | -0.6                             |
| Spain                   | 3.7  | 2.2                                      | 1.5                              |
| Sweden                  | 3.4  | 2.5                                      | 0.9                              |
| Switzerland             | 2.6  | 6.4                                      | -3.8                             |
| Turkey                  | 0.0  | 0.2                                      | -0.2                             |
| United Kingdom          | 12.8   | 12.0                                     | 0.8                              |
| <b>Pacific Ex-Japan</b> | <b>23.6</b>  | <b>24.9</b>                              | <b>-1.3</b>                      |
| Australia               | 2.4  | 5.0                                      | -2.6                             |
| China                   | 8.4  | 5.1                                      | 3.3                              |
| Hong Kong               | 1.4  | 2.4                                      | -1.0                             |
| India                   | 4.2  | 3.0                                      | 1.3                              |
| Indonesia               | 0.6  | 0.5                                      | 0.1                              |
| Malaysia                | 0.0  | 0.5                                      | -0.5                             |
| New Zealand             | 0.8  | 0.2                                      | 0.6                              |
| Philippines             | 0.0  | 0.3                                      | -0.3                             |
| Singapore               | 0.0  | 1.0                                      | -1.0                             |
| South Korea             | 3.9  | 3.4                                      | 0.5                              |
| Taiwan                  | 1.4  | 2.8                                      | -1.4                             |
| Thailand                | 0.2  | 0.7                                      | -0.5                             |
| Vietnam                 | 0.3  | 0.0                                      | 0.3                              |
| <b>Japan</b>            | <b>21.8</b>  | <b>18.6</b>                              | <b>3.2</b>                       |

|                               | International<br>Small-Cap Equity<br>Representative<br>Portfolio | S&P Global<br>ex-U.S.<br>Small-Cap Index | Over/Underweighting<br>vs. Index |
|-------------------------------|--|--|----------------------------------|
| <b>Americas<sup>1</sup></b>   | <b>6.1%</b>  | <b>9.5%</b>                              | <b>-3.4%</b>                     |
| Argentina                     | 1.3  | 0.0                                      | 1.3                              |
| Brazil                        | 1.9  | 1.5                                      | 0.4                              |
| Canada                        | 2.2  | 6.6                                      | -4.4                             |
| Chile                         | 0.0  | 0.3                                      | -0.3                             |
| Colombia                      | 0.0  | 0.1                                      | -0.1                             |
| Mexico                        | 0.7  | 0.8                                      | -0.1                             |
| Peru                          | 0.0  | 0.1                                      | -0.1                             |
| United States                 | 0.0  | 0.1                                      | -0.1                             |
| <b>Middle East and Africa</b> | <b>0.9</b>   | <b>2.4</b>                               | <b>-1.5</b>                      |
| Egypt                         | 0.5  | 0.1                                      | 0.4                              |
| Israel                        | 0.0  | 0.5                                      | -0.5                             |
| Qatar                         | 0.0  | 0.1                                      | -0.1                             |
| South Africa                  | 0.0  | 1.5                                      | -1.5                             |
| United Arab Emirates          | 0.3  | 0.2                                      | 0.1                              |
| <b>Cash</b>                   | <b>7.1</b>   | <b>0.0</b>                               | <b>7.1</b>                       |
| <b>Total</b>                  | <b>100.0%</b>  | <b>100.0%</b>                            | <b>0.0%</b>                      |

<sup>1</sup> Includes North America and Latin America.

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Supplemental information.

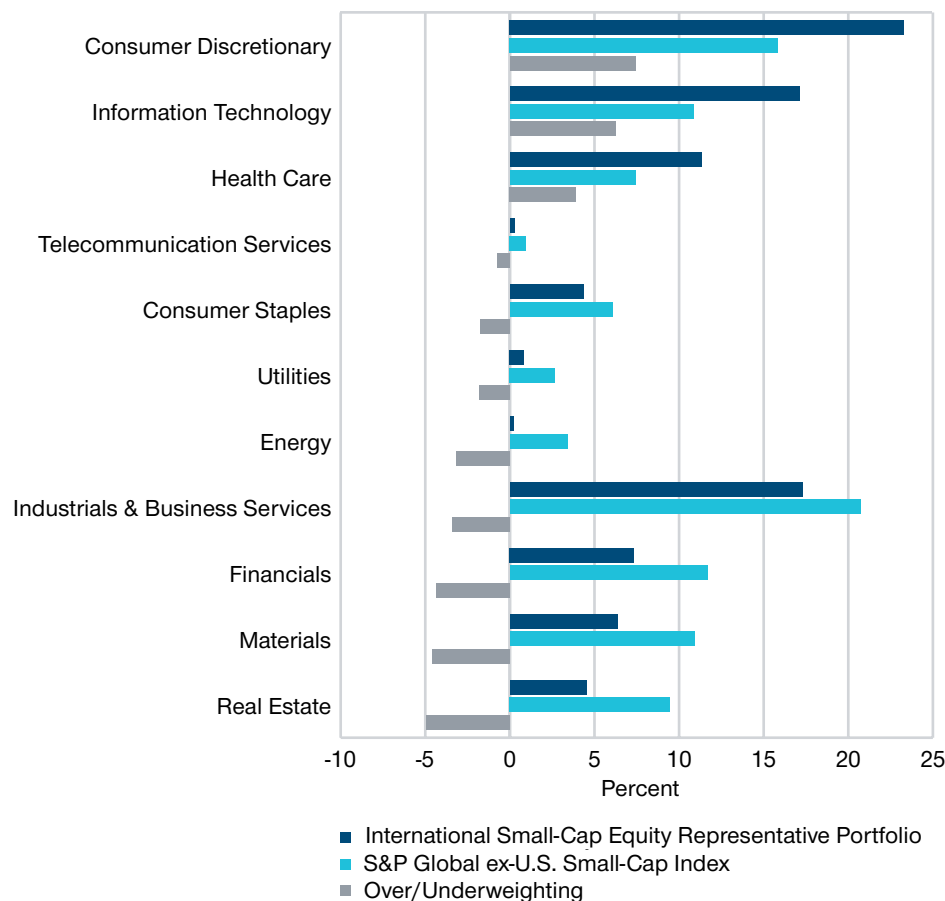
Countries shaded in gray represent those countries whose weighting differs from the index by 2.0% or greater.

Numbers may not total due to rounding.

# SECTOR DIVERSIFICATION

## International Small-Cap Equity Representative Portfolio vs. S&P Global ex-U.S. Small-Cap Index

As of 31 March 2017



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T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P review the GICS structure. The last change occurred on 31 August 2016. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

## 20 LARGEST HOLDINGS

### International Small-Cap Equity Representative Portfolio

As of 31 March 2017

| Company                            | Country        | Industry                                     | % of Portfolio |
|------------------------------------|----------------|--|----------------|
| MercadoLibre                       | Argentina      | Internet Software & Services                 | 1.3%           |
| Yoox Net-A-Porter                  | Italy          | Internet & Direct Marketing Retail           | 1.1            |
| Playtech                           | United Kingdom | Software                                     | 1.0            |
| Victrex                            | United Kingdom | Chemicals                                    | 1.0            |
| Axiare Patrimonio Socimi           | Spain          | Equity Real Estate Investment Trusts (REITs) | 0.9            |
| Nippon Seiki                       | Japan          | Auto Components                              | 0.8            |
| Ascential                          | United Kingdom | Media  | 0.8            |
| Fisher & Paykel Healthcare         | New Zealand    | Health Care Equipment & Supplies             | 0.8            |
| Fufeng                             | China          | Chemicals                                    | 0.8            |
| Obara Group                        | Japan          | Machinery                                    | 0.8            |
| IQE                                | United Kingdom | Semiconductors & Semiconductor Equipment     | 0.8            |
| Sino Biopharmaceutical             | China          | Pharmaceuticals                              | 0.8            |
| Abcam                              | United Kingdom | Biotechnology                                | 0.7            |
| Tecan                              | Switzerland    | Life Sciences Tools & Services               | 0.7            |
| Just Eat                           | United Kingdom | Internet Software & Services                 | 0.7            |
| Yes Bank                           | India          | Banks  | 0.7            |
| Norma                              | Germany        | Machinery                                    | 0.7            |
| DCC                                | Ireland        | Industrial Conglomerates                     | 0.7            |
| Zhou Hei Ya International Holdings | China          | Food Products                                | 0.7            |
| Shopify                            | Canada         | Internet Software & Services                 | 0.7            |
| Total                              |                |  | 16.5%          |

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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.

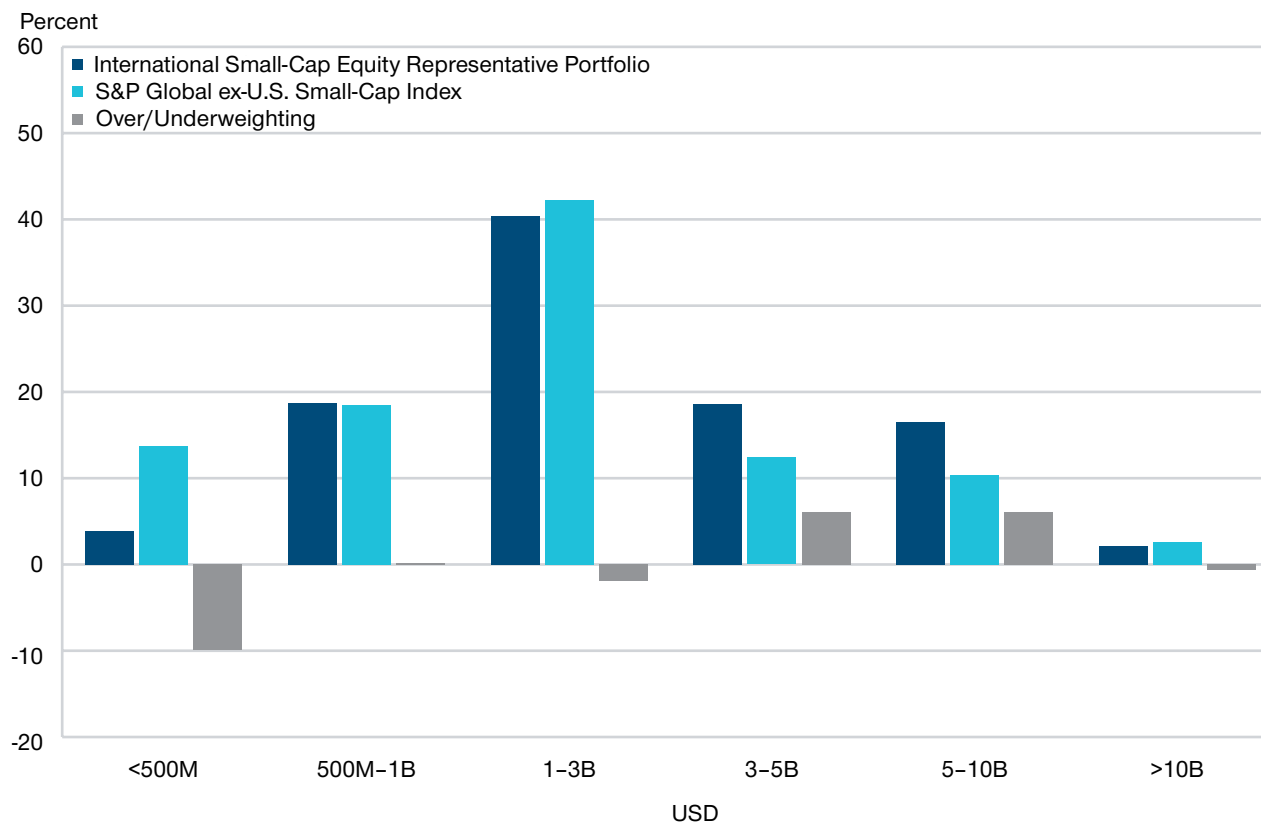
Supplemental information.

# MARKET CAPITALIZATION

## International Small-Cap Equity Representative Portfolio vs. S&P Global ex-U.S. Small-Cap Index

As of 31 March 2017

### PORTFOLIO VS. INDEX: WEIGHTING DIFFERENCES



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Supplemental information.

# PERFORMANCE

# TOTAL RETURN PERFORMANCE

## International Small-Cap Equity Composite

Periods Ended 31 March 2017

Figures are Calculated in U.S. Dollars

|   | Three Months | One Year | Annualized  |            |           |               |
|---|--------------|----------|-------------|------------|-----------|---------------|
|   |              |          | Three Years | Five Years | Ten Years | Fifteen Years |
| International Small-Cap Equity Composite (Gross of Fees)            | 10.39%       | 14.52%   | 7.16%       | 11.60%     | 6.76%     | 12.86%        |
| International Small-Cap Equity Composite (Net of Fees) <sup>1</sup> | 10.14        | 13.45    | 6.15        | 10.55      | 5.75      | 11.80         |
| Linked Performance Benchmark <sup>2</sup>                           | 8.65         | 12.88    | 3.20        | 7.49       | 2.77      | 9.38          |
| Value Added <sup>2,3</sup>  | 1.74         | 1.64     | 3.96        | 4.11       | 3.99      | 3.48          |

### Past performance cannot guarantee future results.

<sup>1</sup> Net-of-fees performance reflects the deduction of the highest applicable management fee (Model Net Fee) that would be charged based on the fee schedule appropriate to you for this mandate, without the benefit of breakpoints. Please be advised that the composite may include other investment products that are subject to management fees that are inapplicable to you but are in excess of the Model Net Fee. Therefore, the actual performance of all the portfolios in the composite on a net-fee basis will be different and may be lower than the Model Net Fee performance. However, such Model Net Fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the composite. Supplemental information. Please see the GIPS® Disclosure page for additional information on the composite. Monthly composite performance is available upon request.

<sup>2</sup> Effective 1 July 2009, the benchmark for the composite was changed to the S&P Global ex-U.S. Small-Cap Index. Prior to 1 July 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

<sup>3</sup> The Value Added is shown as the International Small-Cap Equity Composite (Gross of Fees) minus the Linked Performance Benchmark.

# TOTAL RETURN PERFORMANCE

## International Small-Cap Equity Composite

Periods Ended 30 April 2017

Figures are Calculated in U.S. Dollars

|   | Quarter-to-Date | Year-to-Date | One Year | Annualized  |            |           |               |
|---|-----------------|--------------|----------|-------------|------------|-----------|---------------|
|   |                 |              |          | Three Years | Five Years | Ten Years | Fifteen Years |
| International Small-Cap Equity Composite (Gross of Fees)            | 10.45%          | 14.77%       | 17.35%   | 8.63%       | 12.22%     | 6.71%     | 13.23%        |
| International Small-Cap Equity Composite (Net of Fees) <sup>1</sup> | 10.20           | 14.42        | 16.25    | 7.61        | 11.17      | 5.70      | 12.16         |
| Linked Performance Benchmark <sup>2</sup>                           | 7.82            | 11.93        | 13.03    | 4.23        | 8.39       | 2.61      | 9.45          |
| Value Added <sup>2,3</sup>  | 2.63            | 2.84         | 4.32     | 4.40        | 3.83       | 4.10      | 3.78          |

### Past performance cannot guarantee future results.

<sup>1</sup> Net-of-fees performance reflects the deduction of the highest applicable management fee (Model Net Fee) that would be charged based on the fee schedule appropriate to you for this mandate, without the benefit of breakpoints. Please be advised that the composite may include other investment products that are subject to management fees that are inapplicable to you but are in excess of the Model Net Fee. Therefore, the actual performance of all the portfolios in the composite on a net-fee basis will be different and may be lower than the Model Net Fee performance. However, such Model Net Fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the composite. Supplemental information. Please see the GIPS® Disclosure page for additional information on the composite. Monthly composite performance is available upon request.

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<sup>3</sup> The Value Added is shown as the International Small-Cap Equity Composite (Gross of Fees) minus the Linked Performance Benchmark.

# TOTAL RETURN PERFORMANCE

## International Small-Cap Equity Composite

Period Ended 31 March 2017

Figures are Calculated in U.S. Dollars

| Calendar Years  | 2007   | 2008    | 2009   | 2010   | 2011    | 2012   | 2013   | 2014  | 2015   | 2016  | YTD<br>2017 |
|---|--------|---------|--------|--------|---------|--------|--------|-------|--------|-------|-------------|
| International Small-Cap Equity Composite (Gross of Fees)            | 17.97% | -49.28% | 57.67% | 21.97% | -13.02% | 27.53% | 26.16% | 1.14% | 11.16% | 1.92% | 10.39%      |
| International Small-Cap Equity Composite (Net of Fees) <sup>1</sup> | 16.87  | -49.79  | 56.23  | 20.83  | -13.85  | 26.35  | 24.99  | 0.18  | 10.12  | 0.96  | 10.14       |
| Linked Performance Benchmark <sup>2</sup>                           | 7.32   | -47.67  | 49.16  | 22.95  | -17.40  | 20.35  | 20.71  | -3.11 | 3.09   | 4.56  | 8.65        |
| Value Added <sup>2,3</sup>  | 10.65  | -1.61   | 8.51   | -0.98  | 4.38    | 7.18   | 5.45   | 4.25  | 8.07   | -2.64 | 1.74        |

### Past performance cannot guarantee future results.

<sup>1</sup> Net-of-fees performance reflects the deduction of the highest applicable management fee (Model Net Fee) that would be charged based on the fee schedule appropriate to you for this mandate, without the benefit of breakpoints. Please be advised that the composite may include other investment products that are subject to management fees that are inapplicable to you but are in excess of the Model Net Fee. Therefore, the actual performance of all the portfolios in the composite on a net-fee basis will be different and may be lower than the Model Net Fee performance. However, such Model Net Fee performance is intended to provide the most appropriate example of the impact management fees would have by applying management fees relevant to you to the gross performance of the composite. Supplemental information. Please see the GIPS® Disclosure page for additional information on the composite. Monthly composite performance is available upon request.

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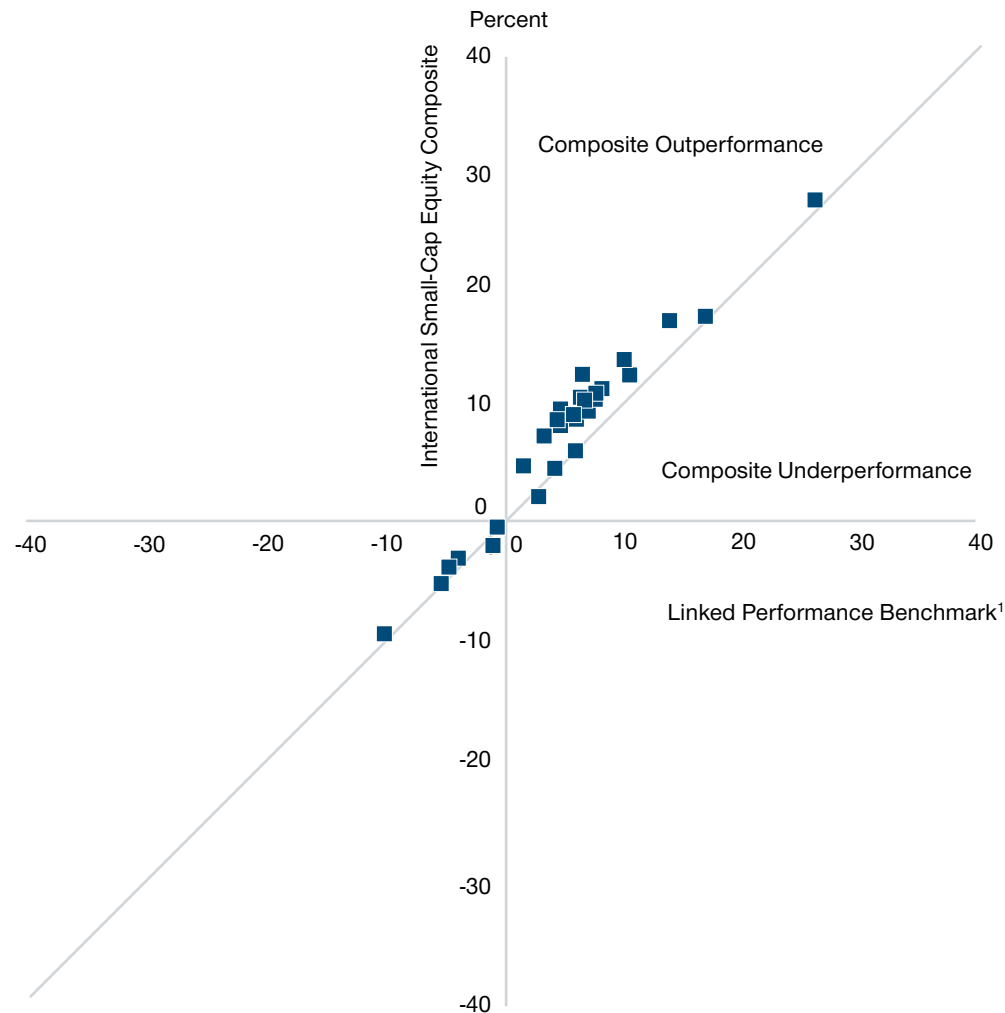
<sup>3</sup> The Value Added is shown as the International Small-Cap Equity Composite (Gross of Fees) minus the Linked performance Benchmark.

# TOTAL RETURN PERFORMANCE

## Three-Year Rolling Returns (Annualized Gross of Fees)— International Small-Cap Equity Composite vs. Linked Performance Benchmark<sup>1</sup>

Calculated Quarterly from 31 March 2006 Through 31 March 2017

Figures are Calculated in U.S. Dollars



### Past performance cannot guarantee future results.

<sup>1</sup> Effective 1 July 2009, the benchmark for the composite was changed to the S&P Global ex-U.S. Small-Cap Index. Prior to 1 July 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

Each point represents the performance of the composite and its benchmark for a three-year annualized period. Points above the diagonal represent outperformance relative to the benchmark. Points below the diagonal represent relative underperformance.

Figures shown gross of fees. Returns would have been lower as the result of the deduction of applicable fees.

Supplemental information.

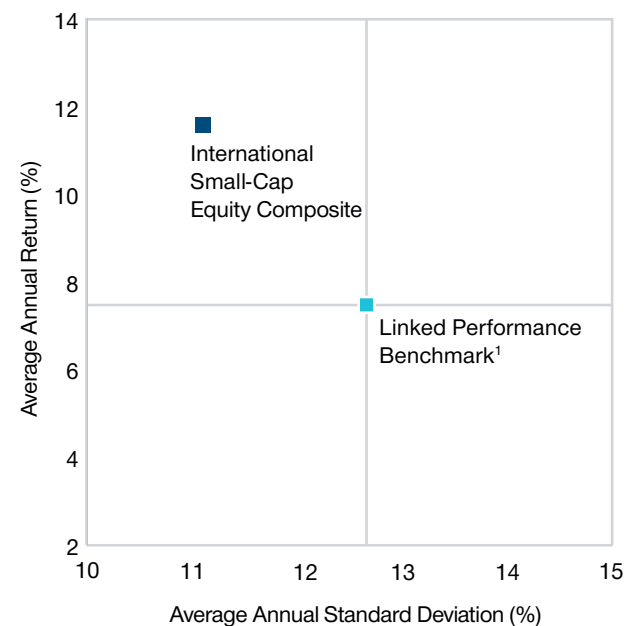
# TOTAL RETURN PERFORMANCE

## Risk/Return Characteristics

Five Years Ended 31 March 2017

Figures are Calculated in U.S. Dollars

|                               | Five Years                                     |  |
|-------------------------------|--|--|
|                               | International<br>Small-Cap<br>Equity Composite | Linked Performance<br>Benchmark <sup>1</sup> |
| Annualized Total Return       | 11.60%   | 7.49%  |
| Annualized Standard Deviation | 11.10%   | 12.66%                                       |
| Historical Tracking Error     | 3.44%  | 0.00%  |
| Beta                          | 0.85   | 1.00   |
| R-Squared                     | 0.94   | 1.00   |
| Alpha                         | 4.90%  | 0.00%  |
| Sharpe Ratio                  | 1.03   | 0.58   |
| Information Ratio             | 1.19   | 0.00   |



### Past performance cannot guarantee future results.

<sup>1</sup> Effective 1 July 2009, the benchmark for the composite was changed to the S&P Global ex-U.S. Small-Cap Index. Prior to 1 July 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

This information demonstrates, in part, the firm's risk/return analysis. This material is provided for informational purposes only and should not be used to forecast future returns for any investment product. This material is not intended to be investment advice or a recommendation to take any particular investment action.

Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.

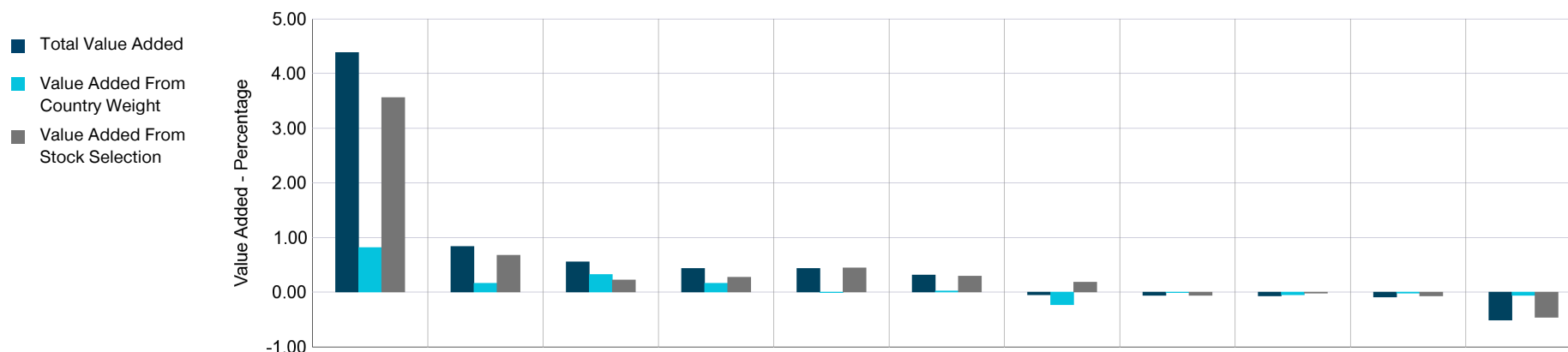
Supplemental information.

# ATTRIBUTION ANALYSIS (USD)—MAJOR IMPACTS

## International Small-Cap Equity Representative Portfolio vs. Linked Performance Benchmark<sup>1</sup>

Five Years Ended 31 March 2017

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



|                           | Total  | Japan | Canada | Australia | China | Spain | Switzerland | Russia | Mexico | Belgium | United Kingdom |
|---------------------------|--------|-------|--------|-----------|-------|-------|-------------|--------|--------|---------|----------------|
| Over (Under) Weight       | -      | 5.12  | -4.23  | -2.34     | 3.48  | 1.79  | -3.50       | -0.58  | -0.05  | -1.12   | 2.56           |
| Portfolio Weight (Ending) | 100.00 | 23.45 | 2.36   | 2.60      | 9.07  | 3.98  | 2.83        | 0.37   | 0.72   | 0.00    | 14.54          |
| Index Weight (Ending)     | 100.00 | 18.34 | 6.58   | 4.94      | 5.59  | 2.19  | 6.34        | 0.95   | 0.76   | 1.12    | 11.98          |
| Portfolio Performance     | 12.08  | 13.15 | 9.38   | 9.63      | 10.08 | 19.50 | 18.12       | -11.71 | -3.00  | -9.83   | 7.83           |
| Index Performance         | 7.71   | 9.56  | -0.39  | 0.60      | 6.19  | 8.22  | 14.53       | -0.18  | 6.48   | 8.64    | 10.11          |

### Past performance cannot guarantee future results.

<sup>1</sup> Effective 1 July 2009, the benchmark for the composite was changed to the S&P Global ex-U.S. Small-Cap Index. Prior to 1 July 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

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Supplemental information.

Numbers may not add to 100% due to rounding; all numbers are percentages.

Note: Analysis represents the equity-only performance of the portfolio as calculated by the Wilshire Atlas attribution model and is exclusive of cash, trusts, mutual funds, delisted securities, and other non-equity holdings. Returns will not match official T. Rowe Price performance because Wilshire uses different pricing and exchange rate sources and does not capture intraday trading or fair-value pricing. Performance for each security is obtained in the local currency and, if necessary, is converted using an exchange rate determined by an independent third party.

Source: Wilshire Atlas; analysis by T. Rowe Price Associates, Inc.

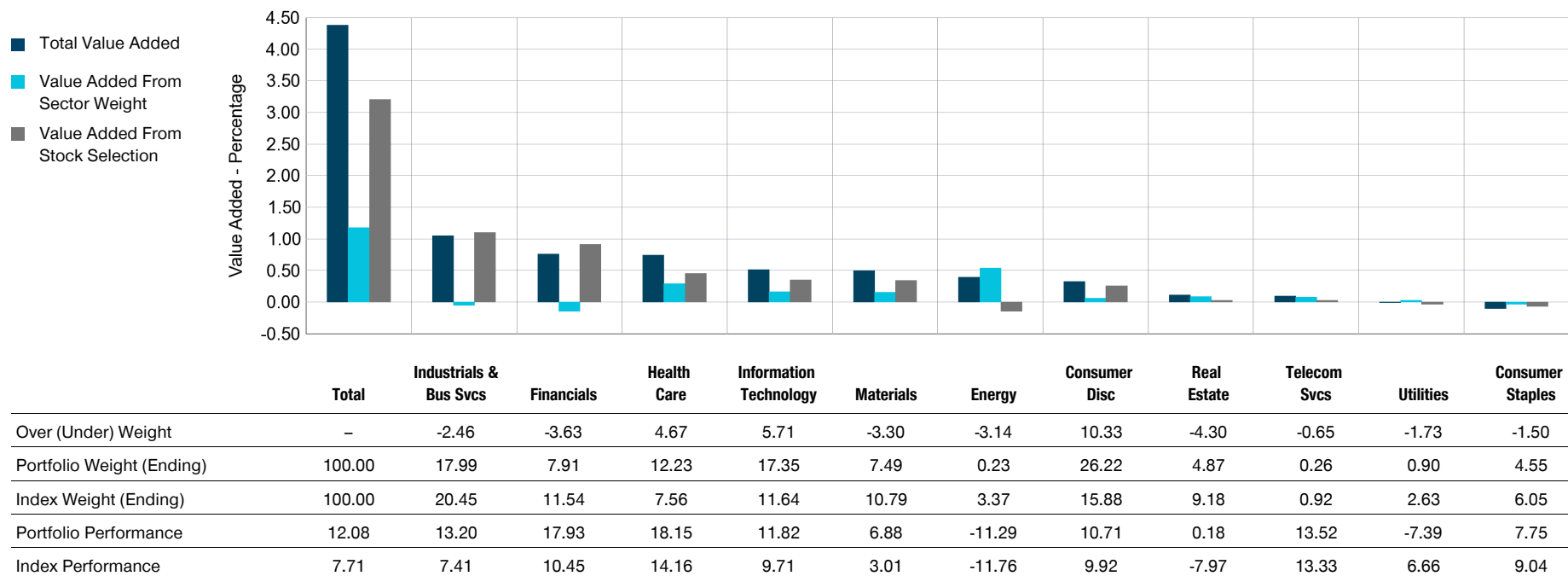
Figures are shown gross of fees.

# ATTRIBUTION ANALYSIS (USD)—MAJOR IMPACTS

## International Small-Cap Equity Representative Portfolio vs. Linked Performance Benchmark<sup>1</sup>

Five Years Ended 31 March 2017

### BY SECTOR



### Past performance cannot guarantee future results.

<sup>1</sup> Effective 1 July 2009, the benchmark for the composite was changed to the S&P Global ex-U.S. Small-Cap Index. Prior to 1 July 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

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Numbers may not add to 100% due to rounding; all numbers are percentages.

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Source: Wilshire Atlas, MSCI/S&P Global Industry Classification Standard (GICS) sectors; analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses the MSCI/S&P GICS for sector and industry reporting. Each year, MSCI and S&P review the GICS structure. The last change occurred on 31 August 2016. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

Figures are shown gross of fees.

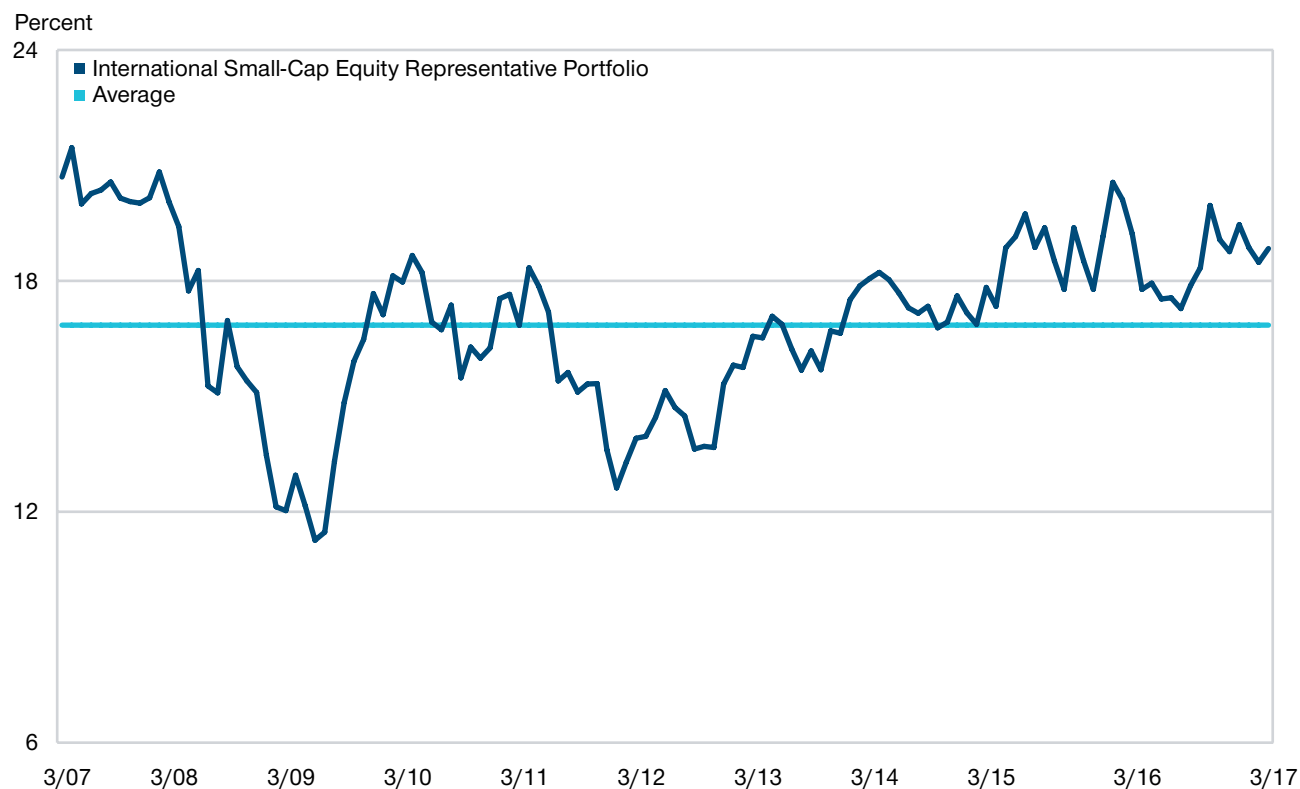
## EXHIBITS

OUTLOOK AND ENVIRONMENT  
BIOGRAPHICAL BACKGROUNDS  
FEE SCHEDULE  
GIPS® DISCLOSURE

## VALUATIONS: PORTFOLIO

### International Small-Cap Equity Representative Portfolio Price to Earnings Ratio (Current Fiscal Year)<sup>1</sup>

31 March 2007 Through 31 March 2017



<sup>1</sup> Source: IBES.

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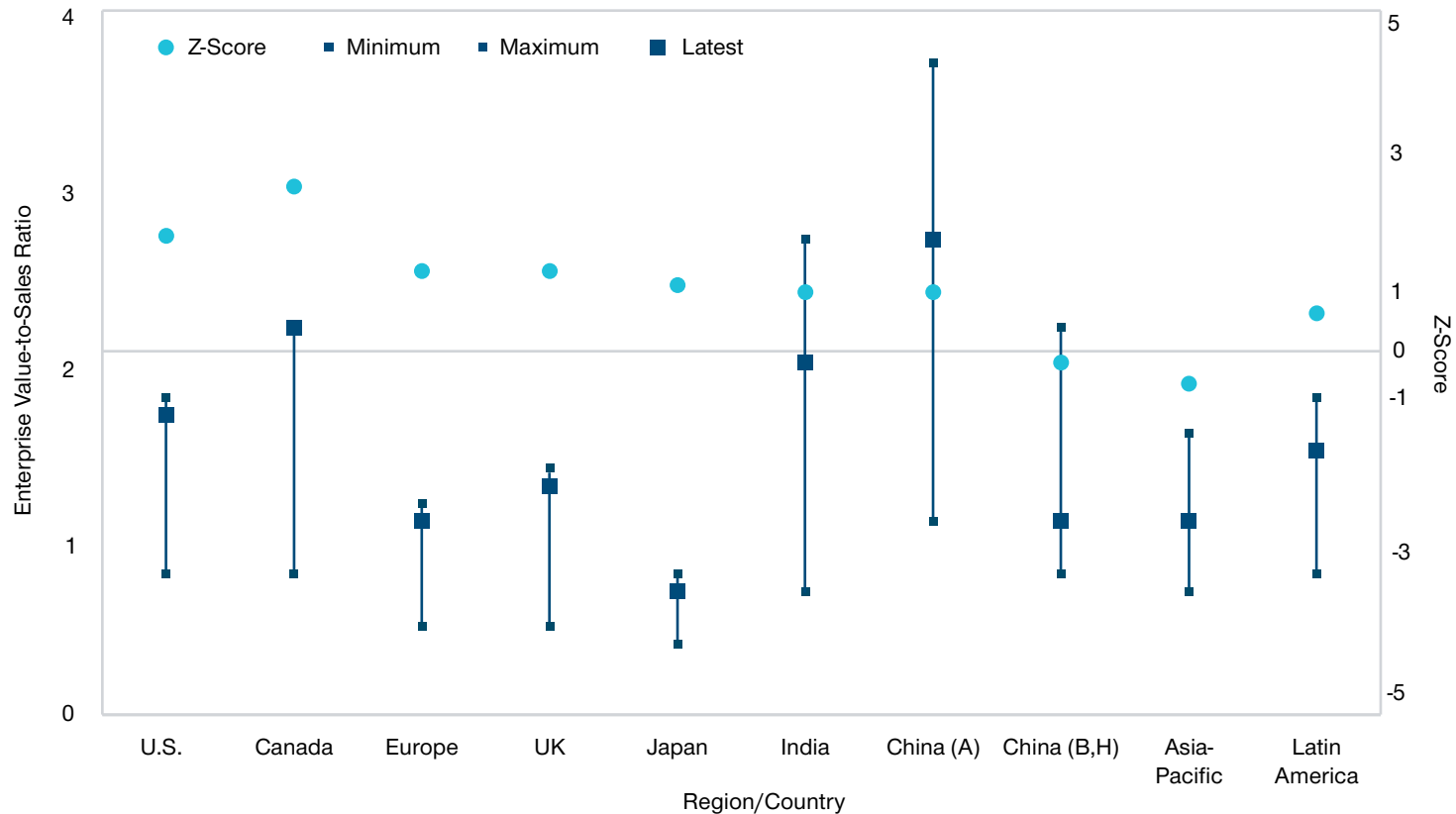
Supplemental information.

Statistics are investment-weighted median unless otherwise noted.

# VALUATIONS: MARKET

## Cross Market Valuations: Enterprise Value-to-Sales

As of 31 March 2017

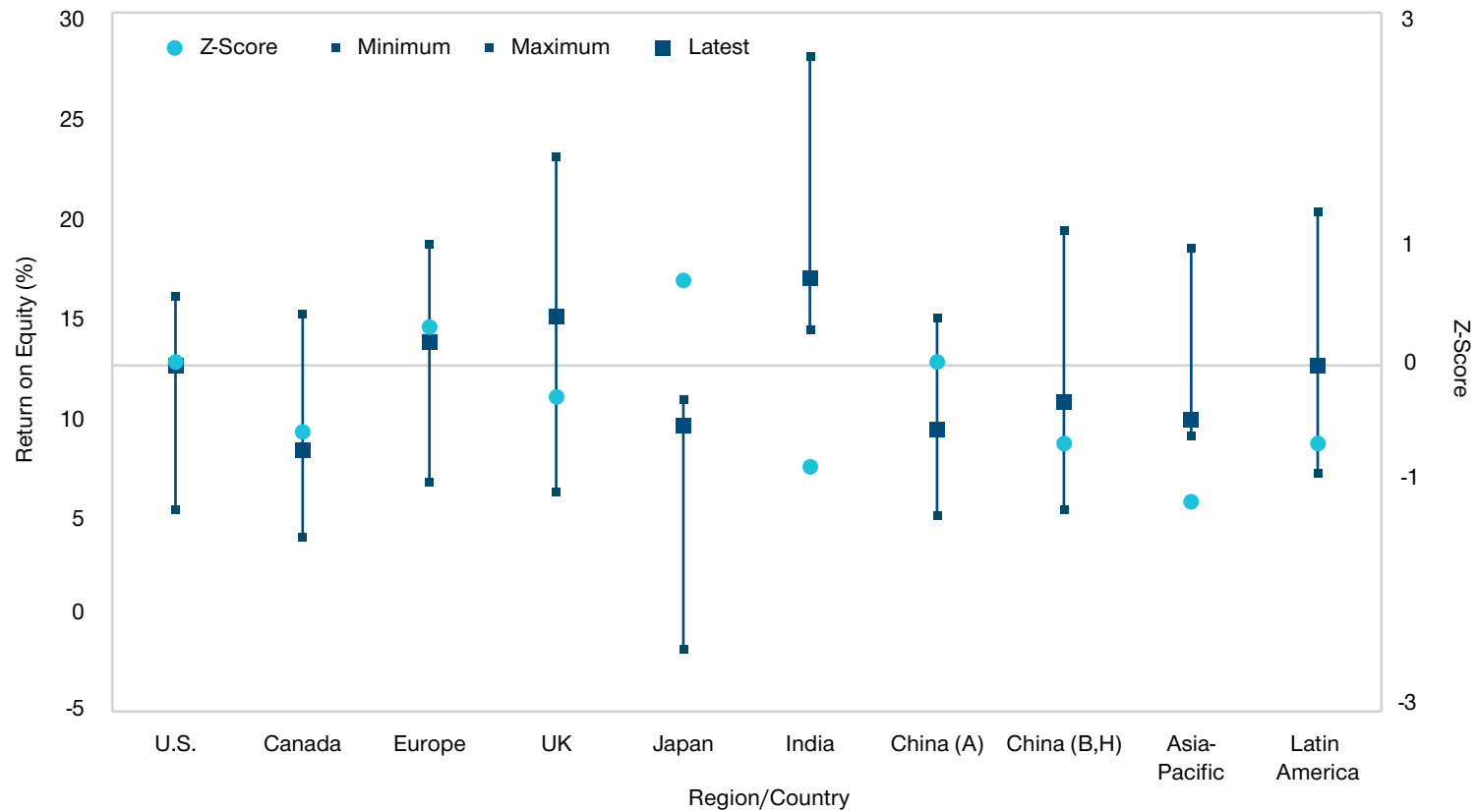


The Z-score is a statistical measure used to estimate the number of standard deviations away a particular observation is from its mean. Typically, a Z-score of plus or minus 2 would indicate a “statistically significant” difference from the mean.

Source: Cirrus Research.

## Cross Market Return on Equity

As of 31 March 2017



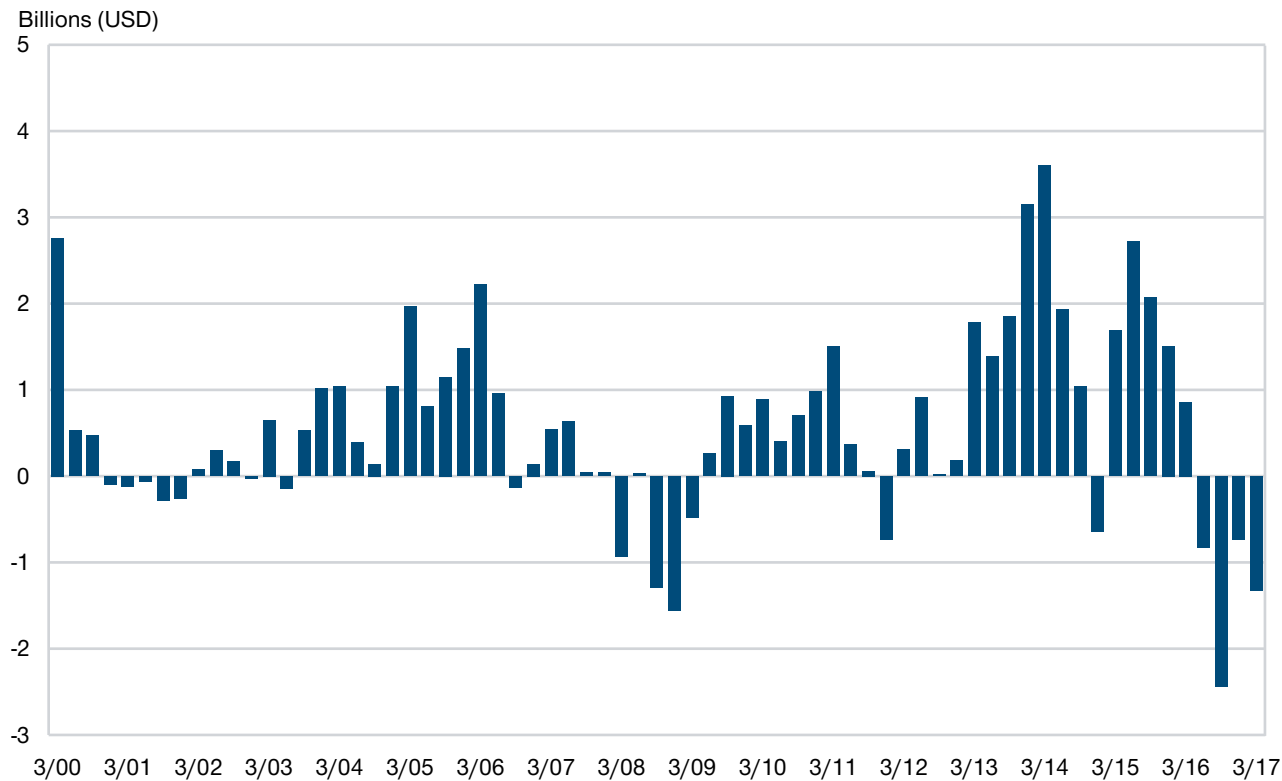
The Z-score is a statistical measure used to estimate the number of standard deviations away a particular observation is from its mean. Typically, a Z-score of plus or minus 2 would indicate a “statistically significant” difference from the mean.

Source: Cirrus Research.

# SENTIMENT

## Asset Class Net Flows–International Small-Cap Equity

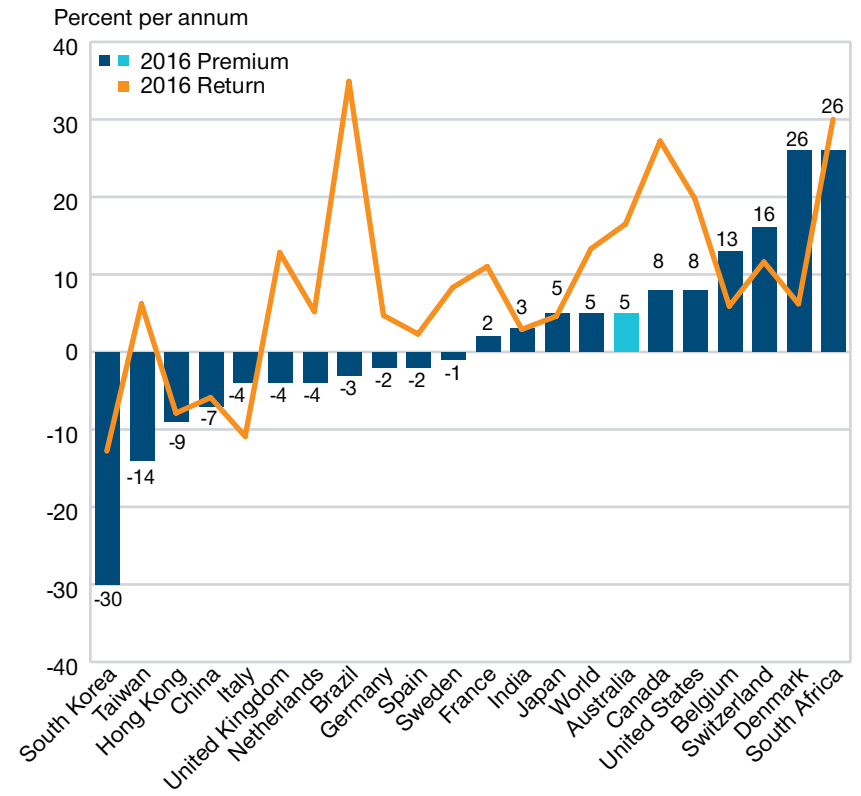
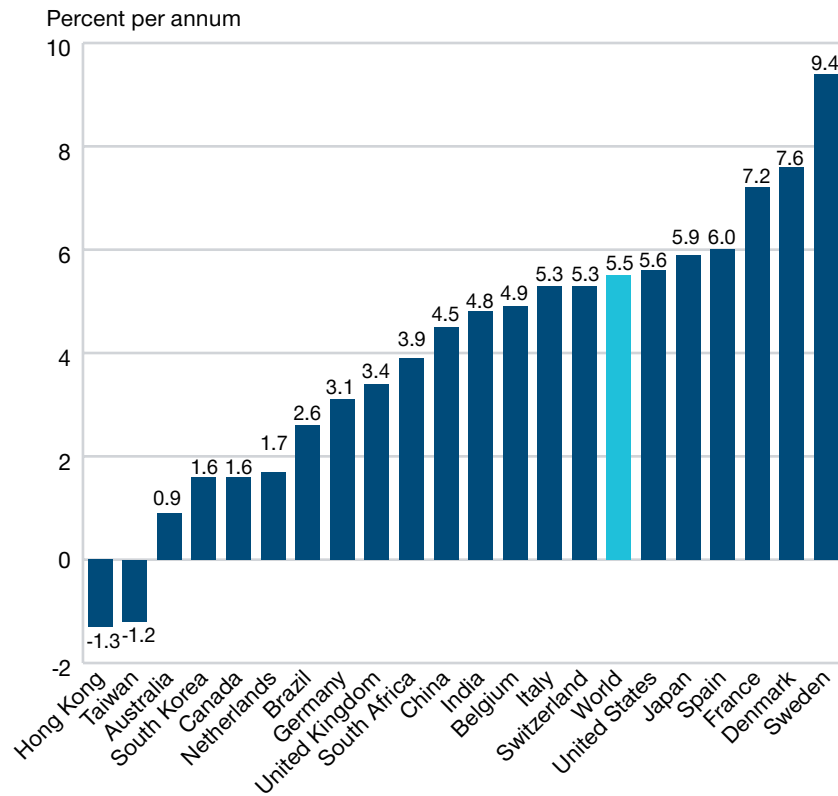
31 March 2000 Through 31 March 2017



Source: Morningstar.

# EVIDENCE OF SMALL CAP PREMIUM

As of 31 December 2016

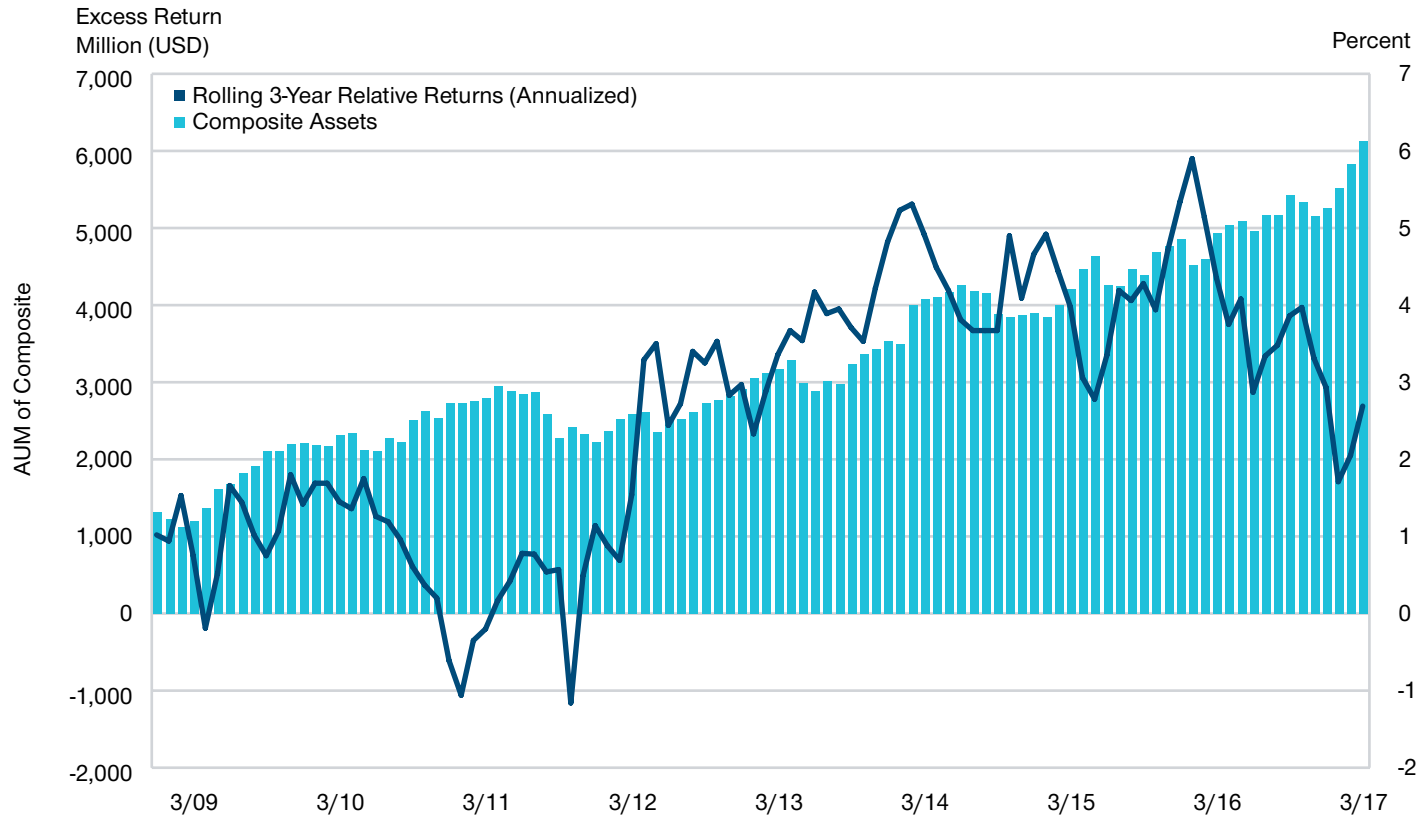


Source: Numis Smaller Companies Indices: 2017 Annual Review. Data as at 31 December 2016.

# INTERNATIONAL SMALL-CAP EQUITY COMPOSITE THREE-YEAR ROLLING EXCESS RETURN VS. AUM

As of 31 March 2017

Figures are Calculated in U.S. Dollars



## Past performance cannot guarantee future results.

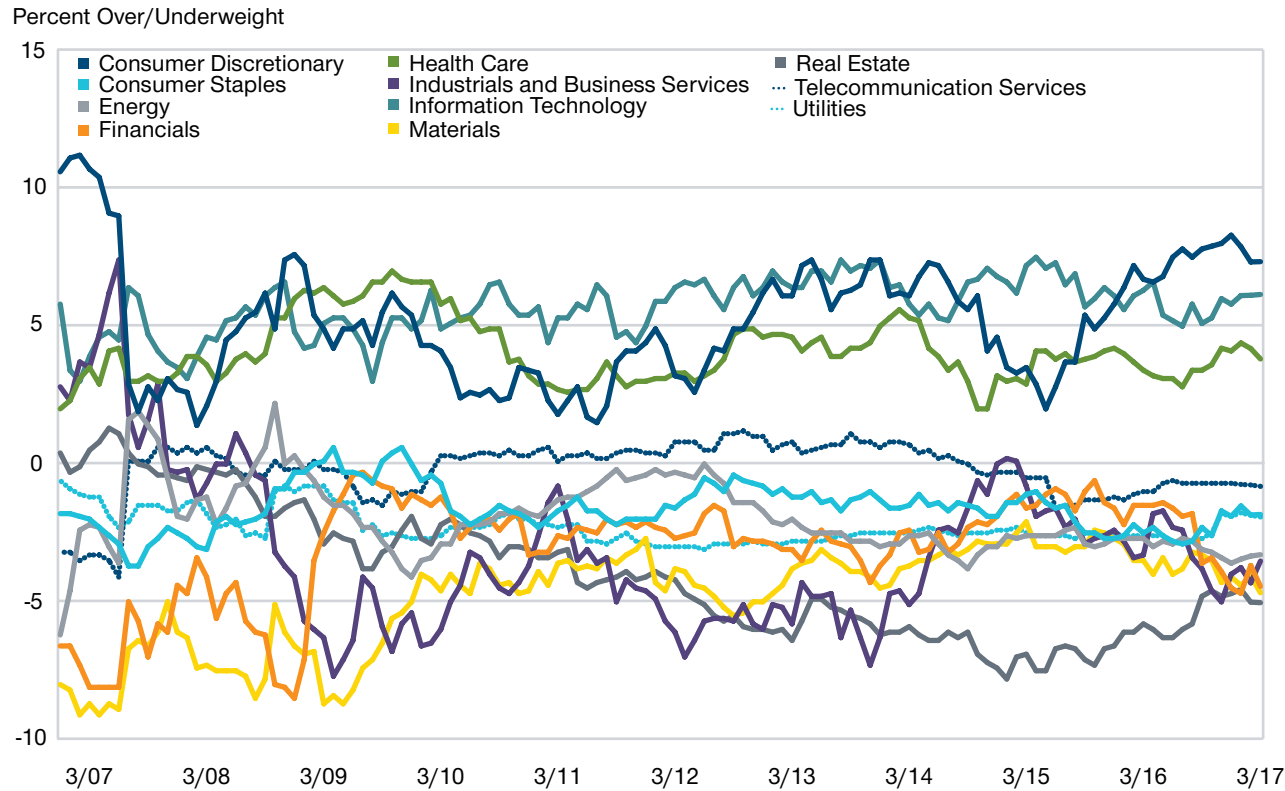
Figures shown gross of fees. Returns would have been lower as the result of the deduction of applicable fees.

Supplemental information.

# HISTORICAL RELATIVE SECTOR WEIGHTS OVER TIME

## International Small-Cap Equity Representative Portfolio Sector Bets

31 March 2007 Through 31 March 2017



T. Rowe Price uses the MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. Each year, MSCI and S&P review the GICS structure. The last change occurred on 31 August 2016. T. Rowe Price will adhere to all future updates to GICS for prospective reporting.

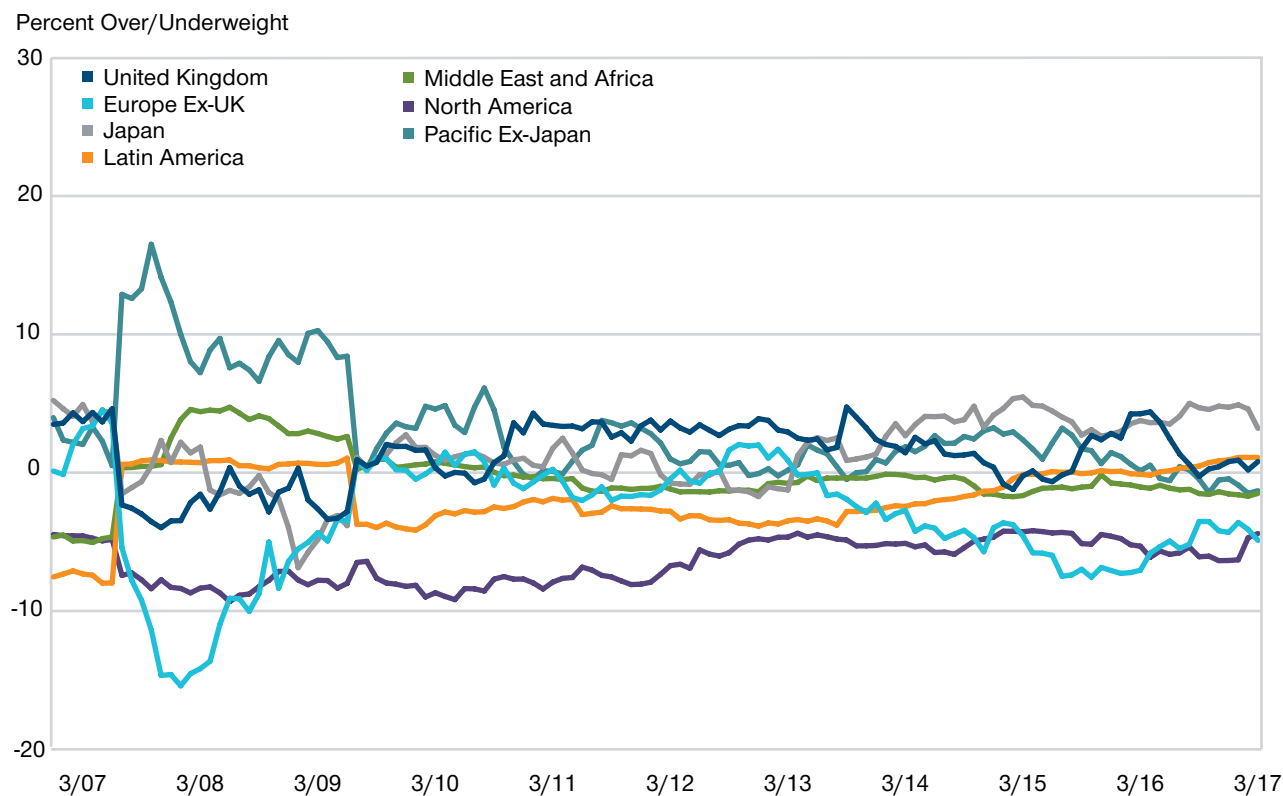
The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. Information regarding the representative portfolio and, where applicable, the other accounts in the composite is available upon request. Please see the GIPS® Disclosure page for additional information on the composite.

Supplemental information.

# HISTORICAL RELATIVE REGIONAL WEIGHTS OVER TIME

## International Small-Cap Equity Representative Portfolio Region Bets

31 March 2007 Through 31 March 2017



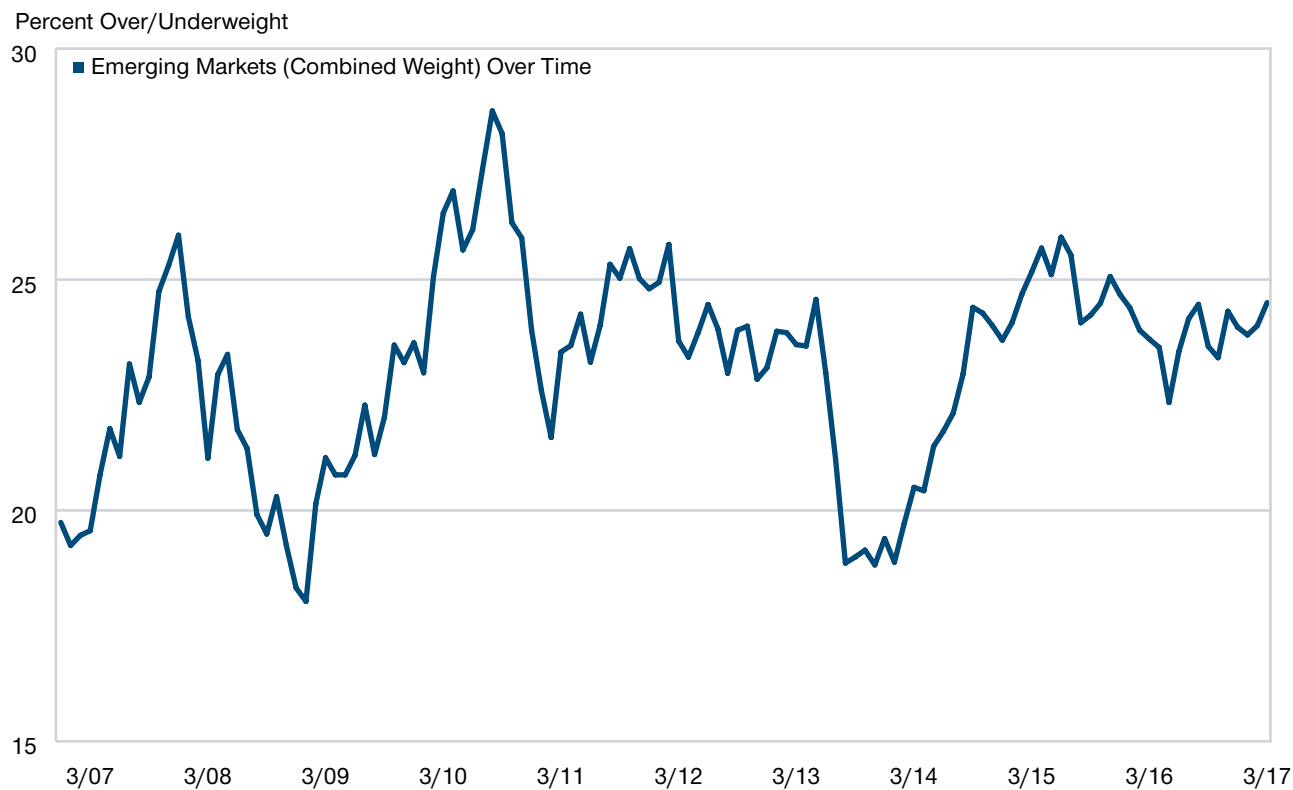
The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. Information regarding the representative portfolio and, where applicable, the other accounts in the composite is available upon request. Please see the GIPS® Disclosure page for additional information on the composite.

Supplemental information.

# ABSOLUTE EMERGING MARKETS WEIGHTS OVER TIME

## International Small-Cap Equity Representative Portfolio Emerging Markets Bets

31 March 2007 Through 31 March 2017



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. Information regarding the representative portfolio and, where applicable, the other accounts in the composite is available upon request. Please see the GIPS® Disclosure page for additional information on the composite.

Supplemental information.

# BIOGRAPHICAL BACKGROUNDS

## International Small-Cap Equity Investment Team

### **Justin Thomson**

Justin Thomson is a chief investment officer and a vice president of T. Rowe Price Group, Inc. and T. Rowe Price International Ltd. Mr. Thomson is the lead manager of the International Small-Cap Equity Strategy and chair of its Investment Advisory Committee. He is a member of the International Equity Steering Committee, the Proxy Voting Committee, the Broker Commission Committee and the Ethics Committee.

Mr. Thomson has 25 years of investment experience, 18 of which have been with T. Rowe Price. Prior to joining the firm in 1998, he was at G.T. Capital/LGT/Invesco, where he managed European small-cap, global small-cap and German all-cap portfolios.

Mr. Thomson earned an M.A., with honours, in economics from Cambridge University.

### **Hiroshi Watanabe, CFA**

Hiroshi Watanabe is a portfolio manager for the Japan portion of the International Small-Cap Equity Strategy at T. Rowe Price. Mr. Watanabe is a vice president of T. Rowe Price Group, Inc. and T. Rowe Price International Ltd.

Mr. Watanabe has 10 years of investment experience. Prior to joining T. Rowe Price in 2006, he was a deputy director of the Space Industry Office with the Ministry of Economy, Trade and Industry of the Japanese government.

Mr. Watanabe earned a B.Sc. and an M.Sc. in aerospace engineering from Tokyo University and an M.B.A. from the University of California, Los Angeles. He has earned his Chartered Financial Analyst designation.

# BIOGRAPHICAL BACKGROUNDS

## International Small-Cap Equity Investment Team

### Wenli Zheng

Wenli Zheng is a vice president of T. Rowe Price Group, Inc. and T. Rowe Price International Ltd. He is a portfolio manager for T. Rowe Price Hong Kong Limited, covering small-caps in Asia ex-Japan.

Mr. Zheng has eight years of investment experience, all of which have been at T. Rowe Price. Mr. Zheng completed an internship at T. Rowe Price in 2007 and has been with the firm since 2008. Prior to joining T. Rowe Price, he was a strategy consultant at Capgemini in China.

Mr. Zheng earned an M.B.A. from the University of Chicago and a dual B.A. degree in industrial engineering and economics from the South China University of Technology.

### Jason A. White

Jason A. White is a portfolio specialist in the Equity Division of T. Rowe Price. He is a member of the international equity investment team, participates in investment strategy calls, and regularly travels with other investment professionals to visit companies around the world. Mr. White is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price International Ltd.

Mr. White has 15 years of investment experience, 12 of which have been at T. Rowe Price. Prior to joining the firm in 2004, Mr. White was a principal of State Street Global Advisors and an investment analyst on the global active equity investment team, where he covered various non-U.S. equity strategies.

Mr. White earned an A.B. in economics from Kenyon College, an M.Eng. in operations research from Rensselaer Polytechnic Institute, and an M.B.A. in finance from the University of Chicago Booth School of Business.

# BIOGRAPHICAL BACKGROUNDS

## T. Rowe Price—Presenter

### **Kenneth L. Brooks**

Ken Brooks is a U.S. institutional sales executive for the Global Investment Services division of T. Rowe Price, the organization responsible for the firm's institutional business worldwide. He is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc.

Mr. Brooks has 24 years of experience in institutional investment management sales, 13 of which have been with T. Rowe Price. Before joining T. Rowe Price, he was a managing director with Robeco USA, Inc. Prior to that, he was a senior vice president with Zurich Scudder Investments.

Mr. Brooks earned a J.D. from the Georgetown University Law Center and a B.A. in economics and political science from the University of California. He is a Series 7 and 63 registered representative.

# FEE SCHEDULE

## International Small-Cap Equity Composite

As of 31 March 2017

The International Small-Cap Equity Composite seeks long-term capital appreciation primarily through investment in small-cap companies traded in developed and emerging markets, with faster earnings growth and reasonable valuation levels relative to market/sector averages. The average market cap of holdings within these portfolios will typically be <3 billion USD. (Created June 2006)

|                         |  |
|-------------------------|--|
| First 50 million (USD)  | 95 basis points                            |
| Next 50 million (USD)   | 90 basis points                            |
| Above 100 million (USD) | 90 basis points on all assets <sup>1</sup> |
| Above 200 million (USD) | 85 basis points on all assets <sup>1</sup> |
| Minimum account size    | 50 million (USD)                           |

<sup>1</sup> A transitional credit is applied to the fee schedule as assets approach or fall below the breakpoint.

## International Small-Cap Equity Composite

Period Ended March 31, 2017

Figures Shown in U.S. dollar

|                                     | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | YTD<br>2017 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------------|
| Gross Annual Returns (%)            | 17.97   | -49.28  | 57.67   | 21.97   | -13.02  | 27.53   | 26.16   | 1.14    | 11.16   | 1.92    | 10.39       |
| Net Annual Returns (%) <sup>1</sup> | 16.87   | -49.79  | 56.23   | 20.83   | -13.85  | 26.35   | 24.99   | 0.18    | 10.12   | 0.96    | 10.14       |
| Benchmark (%) <sup>2</sup>          | 7.32    | -47.67  | 49.16   | 22.95   | -17.40  | 20.35   | 20.71   | -3.11   | 3.09    | 4.56    | 8.65        |
| Composite 3-Yr St. Dev.             | 12.89   | 22.41   | 26.30   | 27.86   | 22.15   | 18.18   | 14.90   | 11.05   | 9.43    | 10.91   | 10.95       |
| Benchmark 3-Yr St. Dev.             | 11.66   | 22.87   | 27.02   | 29.10   | 23.49   | 20.21   | 17.10   | 13.18   | 11.33   | 12.24   | 12.08       |
| Composite Dispersion                | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A         |
| Comp. Assets (Millions)             | 3,012.7 | 1,316.1 | 2,208.2 | 2,734.0 | 2,218.9 | 2,910.1 | 3,531.2 | 3,898.7 | 4,853.2 | 5,256.6 | 6,129.4     |
| # of Accts. in Comp.                | 1       | 1       | 1       | 1       | 1       | 1       | 1       | 2       | 2       | 2       | 2           |
| Total Firm Assets (Billions)        | 397.5   | 275.7   | 395.2   | 485.0   | 493.1   | 579.8   | 696.3   | 749.6   | 772.4   | 817.2   | 868.1       |

<sup>1</sup>Reflects 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.**

<sup>2</sup>Effective July 1, 2009, the benchmark for the composite was changed to S&P Global ex-U.S. Small-Cap Index. Prior to July 1, 2009, the benchmark was the S&P Developed ex-U.S. Small-Cap Index. The benchmark change was made because the firm viewed the new benchmark to be a better representation of the investment strategy of the composite. Historical benchmark representations have not been restated.

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 20-year period ended June 30, 2016 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 appropriate to you for this mandate, without the benefit of breakpoints. Gross and net performance returns 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.

A portfolio management change occurred effective October 1, 2009 and January 1, 2015. There were no changes to the investment program or strategy related to this composite.

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