



QUARTERLY REVIEW

# T. Rowe Price Funds SICAV - Japanese Equity Fund

As of 31 March 2019

## PORTFOLIO HIGHLIGHTS

### Relative performance was driven by:

- A favorable overweight and stock selection in the information technology (IT) and services sector.
- Beneficial stock selection in electric appliances and precision instruments.
- Negative stock picks in automobiles and transportation equipment and foods.

### Additional highlights:

- Reduced our overweight in IT and services.
- Switched preferences in the foods sector.
- Rotated into attractive pharmaceutical names.

## SICAV FUND INFORMATION

Inception Date of Fund	16 December 2005
Indicative Benchmark	TOPIX Index
Total Assets (all share classes)	€915,606,960
Percent of Portfolio in Cash	0.9%
Base Currency of Fund	EUR

Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

## PERFORMANCE

(NAV, total return in base currency)

	Inception Date	Three Months	One Year	Three Years	Five Years	Ten Years	Annualized	
							Since Class Inception	Indicative Benchmark
Class A	11 Apr 2006	11.78%	0.65%	10.79%	12.72%	11.78%	1.69	2.32
Class I	16 Dec 2005	12.07	1.52	11.83	13.76	12.82	2.93	2.92
Class Q	28 Oct 2014	12.02	1.42	11.68	–	–	14.08%	10.44%
<b>Indicative Benchmark:</b> TOPIX Index		8.73	-0.06	9.15	10.93	10.33		
Class Qd (GBP)	16 Apr 2018	–	–	–	–	–	–	–
<b>Indicative Benchmark:</b> TOPIX Index (GBP)		–	–	–	–	–		
Class A (JPY)	17 Jan 2018	10.60	-4.52	–	–	–	-8.02	-10.94
Class I (JPY)	22 May 2018	–	–	–	–	–	–	–
<b>Indicative Benchmark:</b> TOPIX Index (JPY)		–	-5.04	–	–	–		
Class A (USD)	16 Nov 2017	9.76	-8.34	–	–	–	-1.61	-3.43
Class I (USD)	20 Feb 2017	10.06	-7.58	–	–	–	8.26	5.07
Class Q (USD)	19 Oct 2018	–	–	–	–	–	–	–
<b>Indicative Benchmark:</b> TOPIX Index (USD)		–	-8.76	–	–	–		

**Past performance is not a reliable indicator of future performance.** Source for performance: T. Rowe Price. Fund performance is calculated using the official NAV with dividends reinvested, if any. The value of the 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 subscription currency, if different. Sales charges (up to a maximum of 5% for the A Class), taxes and other locally applied costs have not been deducted and if applicable, they will reduce the performance figures.

Performance data will be displayed when a share class has more than 1 year history of returns.

Please note that no management fees are charged to the Z, S and J share classes. No administration agent fees are charged to the J Class. No expenses or any other fees are charged to the Z class. Fee arrangements for the Z, S and J share classes are made directly with the investment manager. Please see the prospectus for further information.

Where the base currency of the fund differs from the share class currency, exchange rate movements may affect returns.

Hedged share classes (denoted by 'h') utilise investment techniques to mitigate currency risk between the underlying investment currency(ies) of the fund and the currency of the hedged share class. The costs of doing so will be borne by the share class and there is no guarantee that such hedging will be effective. TOPIX total returns are calculated in JPY and converted to EUR using an exchange rate determined by an independent third party.

**CALENDAR YEAR PERFORMANCE**

(NAV, total return in base currency)

	<b>Inception Date</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Class A	11 Apr 2006	-2.41%	20.78%	-8.18%	7.24%	24.74%	3.47%	26.41%	13.57%	14.75%	-9.52%
Class I	16 Dec 2005	-1.50	22.05	-7.32	8.40	25.74	4.44	27.51	14.72	15.74	-8.72
Class Q	28 Oct 2014	–	–	–	–	–	–	27.48	14.60	15.64	-8.79
<b>Indicative Benchmark:</b> TOPIX Index		1.53	23.94	-9.58	5.89	21.54	10.08	24.41	6.56	11.16	-9.38
Class A (USD)	16 Nov 2017	–	–	–	–	–	–	–	–	–	-13.75
Class I (USD)	20 Feb 2017	–	–	–	–	–	–	–	–	–	-13.04
<b>Indicative Benchmark:</b> TOPIX Index (USD)		–	–	–	–	–	–	–	–	–	-13.73

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Performance data will be displayed when a share class has more than 1 year history of returns.

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Hedged share classes (denoted by 'h') utilise investment techniques to mitigate currency risk between the underlying investment currency(ies) of the fund and the currency of the hedged share class. The costs of doing so will be borne by the share class and there is no guarantee that such hedging will be effective. TOPIX total returns are calculated in JPY and converted to EUR using an exchange rate determined by an independent third party.

## PERFORMANCE REVIEW

Japanese equities recouped the previous quarter's losses to generate a good positive return in the first three months of 2019 but underperformed their developed market counterparts. Hopes of a resolution in the U.S.-China trade dispute in the latter part of the quarter buoyed investors' appetite for risk, as did the realization that the global economy is merely slowing rather than heading for a recession.

### Upward Revision to Growth Boosts Sentiment

Economic data were mixed over the review period. Japan's third-fiscal-quarter GDP growth was revised higher to an annualized 1.9% pace from the preliminary estimate of 1.4% while on a quarterly basis, the economy grew at a 0.5% pace, up from the earlier 0.3% estimate. The data showed that lower government spending was offset by stronger business investment, and incomes were generally flat.

The Bank of Japan's (BoJ) monetary policy committee left its ultra-low interest rate policies unchanged at its March meeting, as expected. In its policy statement, the BoJ noted that moderating global growth has weighed on Japan's exports and industrial production.

This was confirmed in Japan's trade data, which showed exports fell for a third-consecutive month in February and imports declined the most in more than two years. Exports to key trading partners Singapore and South Korea were significantly lower, while shipments to China expanded.

### Softening Business Sentiment

Business sentiment among large manufacturers worsened in March compared with a quarter earlier, with the Tankan index, which measures confidence among companies such as carmakers and electronics firms, falling. This was attributable to a decline in exports of semiconductor-related products, underscoring concerns that slumping exports and factory output were taking their toll on Japan's economy.

Against this backdrop, the portfolio delivered a strong positive return, comfortably outperforming its benchmark. Both stock selection and sector allocation, although to a lesser extent, contributed to gains. IT and services was the top contributor to relative returns, followed by electric appliances and precision instruments and the pharmaceutical sector. In contrast, automobiles and transportation had the most negative impact due to stock selection, while overweight holdings and stock selection in foods also contributed negatively.

### Sharp Rebound in IT and Services Sector

In sharp contrast to the previous quarter, our overweight holding and stock selection in the IT and services sector made the biggest contribution to relative returns in this review period.

Here, our sizable overweight in GMO Payment Gateway led relative results in the sector and the overall portfolio; the online payment processing company enjoys a dominant position in Japan and stands to benefit from the demonetization of the economy. The company posted strong operating profit growth in the first quarter and benefited from its joint efforts with Sumitomo Mitsui Financial Group and Visa on cashless payments.

One of our other top picks in the IT and services sector, Softbank, added further value. Shares in the internet and communications conglomerate, which has a stake in Uber, rallied to their highest levels of the year. This was largely due to speculation that Uber is set to conduct an initial public offering (IPO).

Elsewhere in the sector, an overweight holding in Benefit One provided an additional boost to performance. The human resources services provider has delivered accelerating top-line growth and stands to benefit from the structural and legal changes facing the Japanese labor market. TechnoPro was another positive contributor. The technology focused staffing and service company reported strong year-on-year operating profit and announced the acquisition of Misystem, which investors regarded as a good fit as it will strengthen the company's presence in the SAP solutions sector.

### Beneficial Stock Selection in Electric Appliances and Precision Instruments

Stock selection in the electric appliances and precision instruments sector was a further area of strength in the quarter. For instance, an overweight position in Shimadzu was a notable contributor, as the measuring and medical equipment manufacturer reported solid quarterly growth in operating profits. The company is looking to improve its revenue mix, which should support margin expansion, in our view.

Our above-benchmark holding in Keyence also boosted relative performance. The manufacturer of sensor products used primarily in factory automation has a massive total addressable market, which has supported earnings growth, while overseas expansion has also been helpful. Our position in industrial electronics conglomerate Mitsubishi Electric added further, as its strong balance sheet and diverse business mix supported share price performance. The company has expanded capacity in the past two years, which leaves it well positioned to start seeing a recovery in margins. Profit growth from its power business, project-based and cyclical, and home appliances segment have helped offset weakness in the industrial automation business.

Not holding Sony also benefited, as the diversified conglomerate's mobile telecommunications unit revised its shipment target for smart phones downward for the fiscal 2018 year, citing competitive pressures from Apple and China-based brands such as Huawei. The share price is likely to come under pressure in the short-term due to a potential decline in earnings.

### Strength in Pharmaceuticals

Turning to the pharmaceuticals sector, our notable overweight holdings in Chugai Pharmaceutical and Takeda Pharmaceutical worked in the portfolio's favor. Chugai Pharmaceutical was granted approval for its severe haemophilia drug in Europe, which it has already patented in the U.S. and Japan. Momentum on the drug should continue to drive earnings upgrades.

Shares in Takeda were buoyed after it was granted approval to manufacture and market an arthritis drug in Japan. Not holding Eisai also contributed positively to relative returns, as shares suffered on account of the company's Alzheimer's drug failing in phase three trials. This cast doubt on the potential success of its whole late-stage drugs pipeline.

These positives were offset to an extent by stock selection in automobiles and transportation equipment. Here, detractors included an overweight holding in Suzuki Motor, which reported falling sales in India and announced that it was cutting production.

### **Calbee a Major Drag on Foods and Overall Portfolio**

Relative performance was also hindered by stock selection in the foods sector, led by Calbee, a manufacturer of salty snacks. Shares suffered after the company cut its full-year operating profit forecast amid uncertainty about the impact on demand of price rises for its products.

Suntory Beverage & Food also sapped gains, as did Japan Tobacco. The former announced plans to increase prices on some of its large bottled beverage products, citing increases in raw material and distribution costs. We sold the stock in the quarter. Turning to our position in Japan Tobacco, the company faced stiff competitive pressures from Phillip Morris's heat-not-burn (HNB) product iQOS and is making limited progress with its own reduced-risk products.

## **PORTFOLIO POSITIONING AND ACTIVITY**

While there were no significant changes to portfolio positioning in the quarter, we did meaningfully reduce our significant overweights in the IT and services and machinery sectors. We also scaled back our overweight holdings in electric appliances and precision instruments and automobiles.

We continued to book profits in names where we felt our investment thesis had played out and/or where the share price had risen and where we saw limited scope for further gains. Instead, we identified investment opportunities where we saw scope for margins to improve, robust earnings growth, and an attractive dividend yield. In addition, we are also invested in companies that we believe stand to benefit from structural changes in Japan's economy, such as the shift to electronic payments, changing consumer preferences, the aging population, and the tightening labor market. The majority of the changes to the portfolio continued to be the result of stock-specific investment themes, rather than a reflection of a shift in our sector view.

### **Switching Preferences in the Foods Sector**

In the foods sector, we sold our position in Suntory Beverage & Food, and switched the proceeds to Coca Cola Bottlers. The latter is Japan's largest bottler by revenues, comprising 90% of system volumes. This is a "transformation" idea; the stock sold-off precipitously in February following weak results and poor guidance. Following this, there will be a management change, and we believe the new management, with a good track record in Japan, can raise margins and returns, while sector consolidation would be a further tailwind. Suntory Beverage & Food is one of Japan's leading bottlers, which means that it is likely to be adversely affected by the change in strategy and management at Coca Cola.

### **Rotating Into Attractive Pharmaceutical Names**

We added to our position in Takeda Pharmaceutical, partly funded by trimming our exposure to Chugai Pharmaceutical. Takeda Pharmaceutical operates globally, with key therapeutic categories in gastrointestinal, oncology and central nervous system. Its recent

acquisition of Shire is a transformational deal for the company, allowing it to move from a domestic to a truly global player. We believe that the synergies from the deal will be significant and are underappreciated by the market. We trimmed Chugai Pharmaceutical as a lot of the positive estimates from its haemophilia drug is now in the price, and we believe the risk-reward is less attractive at these levels.

Elsewhere, we added to our exposure in Zozo, Japan's leading online fashion apparel retailer. The company was founded in 1998 by its president Yusaku Maezawa, who owns a significant stake in the company. We added to the position after weak earnings, a dividend cut, and disappointing guidance. We believe this could be a major turning point, as the company's competitive position remains strong and there is large scope for expansion of market share.

We also increased our holding in Hoshizaki, a USD \$5 billion market cap manufacturer of commercial use kitchen equipment. The stock has been a good long-term holding, but recently, there have been some concerns around accounting of a small subsidiary. We believe the issue is negligible and not an indicator of fraud, and we have taken this as an opportunity to top up the position.

Our holding in Murata Manufacturing was also increased. The company is the largest passive component maker, with a 40% market share. This is a secular grower with the company benefiting from automobiles' increasing automation, smartphones developing for 5G and high-quality management. Trends that are supportive of the stock include automobile penetration driven by increased electrification, connectivity, and fuel efficiency, as well as communication devices moving in the direction of higher connectivity, improved performance and energy-efficiency. There was a strong sell-off in the stock on concerns on global growth, with consensus expectations falling significantly, and we believe the risk/reward is now attractive at these levels.

### **Reduced IT Exposures on Weaker Risk/Reward Characteristics**

We reduced our overweight in the IT and services sector by scaling back our holding in Benefit One, one of Japan's leading providers of employee benefit services. The stock has been the best-performing HR-service sector name over the past several years. We trimmed the position due to worsening risk/reward at these lofty valuations. While top-line growth should accelerate, the pace of margin expansion is likely to slow now that the core business enjoys operating profit margins of close to 35%.

We also sold some of our holdings in Hikari Tsushin, which distributes office equipment to small businesses and resells mobile phones contracts to both individuals and small businesses. The stock has performed very well during the quarter and the risk-reward is less attractive at these levels.

In the financials excluding banks sector, we trimmed our holding in Zenkoku Hoshu, an independent home mortgage guarantor company. The company listed its shares in December 2012 and is the only pure play mortgage guarantor listed in Japan. The stock has disappointed on taking market share, which was a key thesis for the stock, while the uptake from banks has disappointed.

## **MANAGER'S OUTLOOK**

The Shinzo Abe-led Liberal Democratic Party (LDP) has successfully broken the long-held tradition of policy inertia via its attempts to jump-start the economy and equity markets with the magnitude of its policy intent. Abe is also attempting to deal with the economy's structural challenges: Corporate tax rates have been lowered, an enhanced corporate governance code has been implemented, while initiatives to encourage married women and foreign workers into the labor force have also been announced.

The instance of companies defying the skeptics by transforming business practices and governance standards is growing. This should help to deliver profit growth and generate shareholder returns. The volume of shareholder buybacks is increasing, while merger and acquisition activity is slowly emerging. Where implemented effectively, we expect transformational actions to be rewarded through higher valuations.

We firmly believe that the valuation case for Japan still holds and that Japanese corporate earnings growth is likely to exceed global peers. This view underlies many of our preferred stock ideas today.

Our long-held view that the BoJ's policy decisions would weaken the yen over time has softened given the backdrop of an increasingly unpredictable currency outlook. We continue to believe the outlook for the currency is one of uncertainty and volatility.

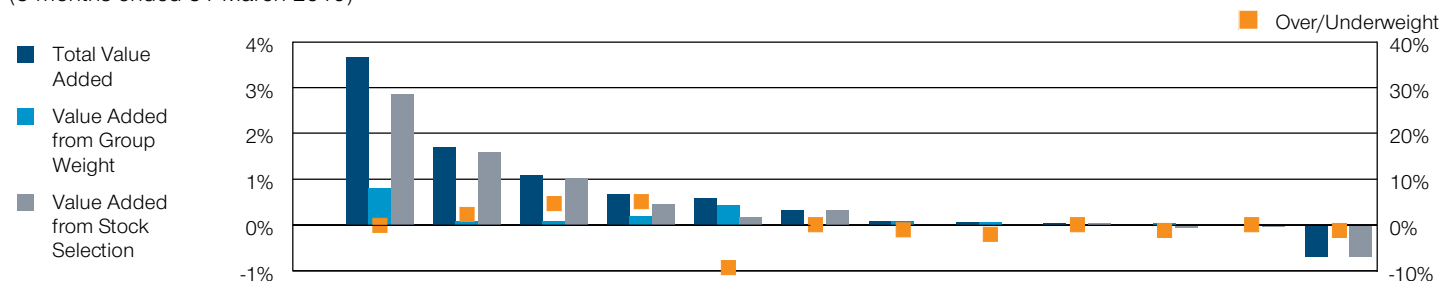
As well as market-specific drivers, the condition of the global economy remains a critical factor in terms of support for the Japanese equity market. On this point, our view is that we remain in an environment of robust global growth, which should help the best of corporate Japan to perform reasonably well. However, we are cognizant and concerned about the escalation of the trade war rhetoric that is coming from the world's largest trading partners. We continue to hope that sanctions and trade war concerns will subside, but the quality bias within the portfolio should hold us in good stead, should trade wars jeopardize the supportive growth environment.

Increasing stock specific dispersion will need to be navigated in the near term as the market digests subtle changes in the top-down investment case and reacts to surprise and disappointment always inherent in Japan. Over the medium term, we remain upbeat, especially regarding those stocks central to Japan's evolution, and believe that investing in durable and improving businesses capable of weathering economic turbulence remains an advantaged approach to Japanese equity investing.

## QUARTERLY ATTRIBUTION

### SECTOR ATTRIBUTION DATA VS. TOPIX INDEX

(3 months ended 31 March 2019)



	Total	Info Tech	Indust & Bus Svcs	Comm Svcs	Financials	Health Care	Energy	Utilities	Materials	Consumer Disc	Real Estate	Consumer Staples
Over/Underweight	0.00%	2.35%	4.83%	5.21%	-9.20%	0.20%	-0.93%	-1.96%	0.20%	-1.08%	0.10%	-1.07%
Fund Performance	12.42	34.17	14.27	16.57	14.79	17.07	0.00	0.00	6.93	3.32	11.66	-2.76
Index Performance	8.73	18.97	10.33	12.98	4.27	13.26	-0.18	5.12	6.27	3.65	12.34	4.54
Value Add - Group Weight	0.82	0.10	0.09	0.22	0.43	0.00	0.09	0.08	0.00	0.04	0.01	-0.01
Value Add - Stock Selection	2.88	1.60	1.02	0.46	0.18	0.32	0.00	0.00	0.04	-0.05	-0.03	-0.68
Total Contribution	3.69	1.70	1.11	0.68	0.61	0.32	0.09	0.08	0.04	-0.01	-0.02	-0.68

### TOP 5 RELATIVE CONTRIBUTORS VS. TOPIX INDEX

(3 months ended 31 March 2019)

Security	% of Equities	Net Contribution (Basis Points)
Gmo Payment Gateway, Inc.	3.1%	137
Softbank Group Corp.	4.6	99
Chugai Pharmaceutical Co., Ltd.	2.5	50
Benefit One Inc.	1.3	49
Shimadzu Corporation	1.4	43

### TOP 5 RELATIVE DETRACTORS VS. TOPIX INDEX

(3 months ended 31 March 2019)

Security	% of Equities	Net Contribution (Basis Points)
Suzuki Motor Corp.	2.4%	-27
Daiichi Sankyo Company, Limited	0.0	-22
Welcia Holdings Co., Ltd.	0.5	-17
Hitachi, Ltd.	0.0	-15
Familymart Uny Holdings Co. Ltd.	0.7	-14

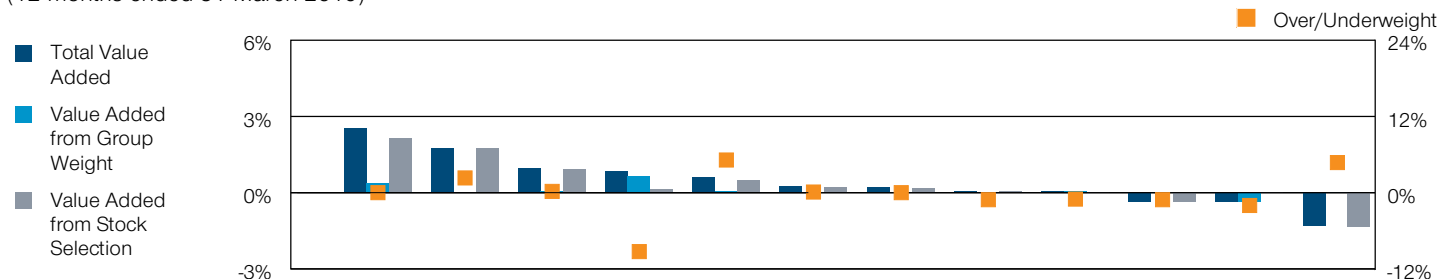
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

**Past performance is not a reliable indicator of future performance.** Numbers may not total due to rounding; all other 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 using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested. Sources: Financial data and analytics provider FactSet. Copyright 2019 FactSet. All Rights Reserved. Source: FT Interactive, IDC via FactSet.; Analysis by T. Rowe Price Associates, Inc. T. Rowe Price uses the TOPIX sectors and industries for sector and industry reporting for this product. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in EUR.

## 12-MONTH ATTRIBUTION

### SECTOR ATTRIBUTION DATA VS. TOPIX INDEX

(12 months ended 31 March 2019)



	Total	Info Tech	Health Care	Financials	Comm Svcs	Materials	Real Estate	Consumer Staples	Energy	Consumer Disc	Utilities	Indust & Bus Svcs
Over/Underweight	0.00%	2.35%	0.20%	-9.20%	5.21%	0.20%	0.10%	-1.07%	-0.93%	-1.08%	-1.96%	4.83%
Fund Performance	2.48	18.72	25.19	3.38	6.74	-3.73	12.65	5.14	0.00	-6.86	0.00	-3.59
Index Performance	-0.06	2.69	10.85	-7.06	2.43	-8.48	4.59	5.11	-10.89	-5.06	21.21	0.95
Value Add - Group Weight	0.38	0.02	0.05	0.67	0.10	0.05	0.03	0.02	0.09	0.00	-0.36	0.04
Value Add - Stock Selection	2.16	1.77	0.92	0.16	0.52	0.22	0.19	0.07	0.00	-0.36	0.00	-1.33
Total Contribution	2.54	1.78	0.97	0.83	0.62	0.26	0.21	0.10	0.09	-0.36	-0.36	-1.29

### TOP 5 RELATIVE CONTRIBUTORS VS. TOPIX INDEX

(12 months ended 31 March 2019)

Security	% of Equities	Net Contribution (Basis Points)
Gmo Payment Gateway, Inc.	3.1%	107
Chugai Pharmaceutical Co., Ltd.	2.5	88
Familymart Uny Holdings Co. Ltd.	0.7	80
Softbank Group Corp.	4.6	79
Benefit One Inc.	1.3	73

### TOP 5 RELATIVE DETRACTORS VS. TOPIX INDEX

(12 months ended 31 March 2019)

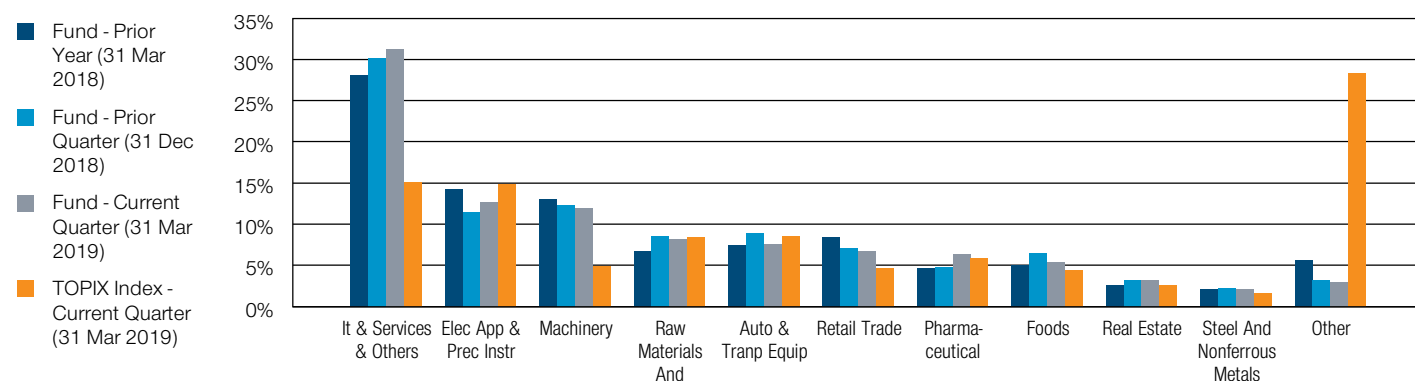
Security	% of Equities	Net Contribution (Basis Points)
Miura Co., Ltd.	2.8%	-65
Hoshizaki Corp.	1.8	-47
Zozo, Inc.	1.9	-44
Ut Group Co., Ltd.	1.2	-36
Fanuc Corporation	1.8	-32

Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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## PORTFOLIO POSITIONING

### SECTOR DIVERSIFICATION – CHANGES OVER TIME



### LARGEST PURCHASES

Issuer	Sector	% of Fund Current Quarter 31 Mar 2019	% of Fund Prior Quarter 31 Dec 2018
SOFTBANK GROUP CORP	It & Services & Others	4.6%	3.4%
Keyence	Electric Appliances And Precision Instruments	3.3	2.9
Nippon Telegraph & Telephone	It & Services & Others	3.2	3.3
Takeda Pharmaceutical	Pharmaceutical	2.9	1.0
Miura	Machinery	2.8	3.0
Chugai Pharmaceutical	Pharmaceutical	2.5	2.8
Suzuki Motor	Automobiles And Transportation Equipment	2.4	3.0
ZOZO	Retail Trade	1.9	1.5
Hoshizaki	Machinery	1.8	1.6
Coca-Cola Bottlers Japan (N)	Foods	1.0	0.0

(N) New Position  
(E) Eliminated

### LARGEST SALES

Issuer	Sector	% of Fund Current Quarter 31 Mar 2019	% of Fund Prior Quarter 31 Dec 2018
SOFTBANK GROUP CORP	It & Services & Others	4.6%	3.4%
Keyence	Electric Appliances And Precision Instruments	3.3	2.9
Nippon Telegraph & Telephone	It & Services & Others	3.2	3.3
Miura	Machinery	2.8	3.0
Chugai Pharmaceutical	Pharmaceutical	2.5	2.8
Suzuki Motor	Automobiles And Transportation Equipment	2.4	3.0
NTT DOCOMO	It & Services & Others	2.2	2.5
Hikari Tsushin	It & Services & Others	1.2	1.6
Zenkoku Hosho	Financials Ex Banks	1.0	1.2
Suntory Beverage & Food (E)	Foods	0.0	1.5

## HOLDINGS

### TOP 10 ISSUERS

Issuer	Country	Industry	% of Fund	% of TOPIX Index
SOFTBANK GROUP CORP	Japan	Communication	4.6%	1.9%
Keyence	Japan	Electric Appliances	3.3	1.5
Nippon Telegraph & Telephone	Japan	Communication	3.2	1.4
GMO Payment Gateway	Japan	Communication	3.1	0.1
Takeda Pharmaceutical	Japan	Pharmaceutical	2.9	1.7
Miura	Japan	Machinery	2.8	0.0
Solasto	Japan	Services	2.6	0.0
Chugai Pharmaceutical	Japan	Pharmaceutical	2.5	0.3
Daio Paper	Japan	Pulp And Paper	2.4	0.0
Suzuki Motor	Japan	Transportation Equipment	2.4	0.4

### TOP 5 OVER/UNDERWEIGHT POSITIONS VS. TOPIX INDEX

Issuer	Country	Industry	% of Fund	% of TOP-IX Index	Over/Underweight
GMO Payment Gateway	Japan	Communication	3.1%	0.1%	3.0%
Miura	Japan	Machinery	2.8	0.0	2.8
SOFTBANK GROUP CORP	Japan	Communication	4.6	1.9	2.7
Solasto	Japan	Services	2.6	0.0	2.6
Daio Paper	Japan	Pulp And Paper	2.4	0.0	2.4
Toyota Motor	Japan	Transportation Equipment	0.0	3.2	-3.2
Mitsubishi UFJ Financial	Japan	Banks	0.0	1.6	-1.6
Sony	Japan	Electric Appliances	0.0	1.4	-1.4
Sumitomo Mitsui Financial	Japan	Banks	0.0	1.2	-1.2
Honda Motor	Japan	Transportation Equipment	0.0	1.1	-1.1

## PORTFOLIO MANAGEMENT



**Portfolio Manager:**  
Archibald Ciganer

**Managed Fund Since:**  
2013

**Joined Firm:**  
2007

## FUND INFORMATION

Class	ISIN Code	Bloomberg Code	Indicative Benchmark	Inception Date	Ongoing Management Charge
Class A	LU0230817339	TRPJAE LX	TOPIX Index	11 Apr 2006	1.70%
Class A (JPY)	LU1756323520	TRJEQAJ LX	TOPIX Index (JPY)	17 Jan 2018	1.76%
Class A (USD)	LU1721361761	TRPJEAU LX	TOPIX Index (USD)	16 Nov 2017	1.77%
Class I	LU0230817925	TRPJAEI LX	TOPIX Index	16 Dec 2005	0.81%
Class I (JPY)	LU1823088627	TRPJEIJ LX	TOPIX Index (JPY)	22 May 2018	0.85%
Class I (USD)	LU1569987610	TRPJEIU LX	TOPIX Index (USD)	20 Feb 2017	0.84%
Class Q	LU1127970256	TRJAEQ LX	TOPIX Index	28 Oct 2014	0.87%
Class Q (USD)	LU1896777312	TPJAPQU LX	TOPIX Index (USD)	19 Oct 2018	0.92%
Class Qd (GBP)	LU1807408643	TRPJEQD LX	TOPIX Index (GBP)	16 Apr 2018	0.92%

### Additional Disclosures

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

The information shown does not reflect any ETFs that may be held in the portfolio.

T. Rowe Price uses TOPIX sectors and industries for sector and industry reporting for this product.

Source: Tokyo Stock Exchange.

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Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

"Other" includes any categories not explicitly mentioned.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price. The index shown is not a formal benchmark. It is shown only for comparison purposes.

### Risks

The following risks are materially relevant to the fund (refer to prospectus for further details)

**Currency risk** - Changes in currency exchange rates could reduce investment gains or increase investment 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.

**Volatility risk** - The performance of the fund has a risk of high volatility.

### General Fund 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 fund 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 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). **Operational risk** - Operational failures could lead to disruptions of fund operations or financial losses.

## Important Information

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

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