

T. Rowe Price International, Inc.

PRODUCTS REVIEWED

| PRODUCT | ASSET CLASS | GEOGRAPHIC EMPHASIS | STYLE | SUBSTYLE |
|------------------------|-------------|---------------------|--------|----------|
| Global Equity | Equity | Global | Growth | - |
| Global Equity Ex Japan | Equity | Global ex Japan | Growth | - |

MANAGER UPDATE

On December 1st, 2009, Ellen Chae and other Russell associates held meetings with Rob Gensler and other T. Rowe Price (TRP) associates to discuss the Global and Global ex Japan products. As a result of the meeting, we are reaffirming our “Hire” ranks on these strategies.

Rob has re-settled into Baltimore following stints in London and Singapore over the past several years. He comes back with a broader, deeper international perspective having developed first hand local knowledge of the European and Asian markets. This meeting helped confirm our conviction of his differentiated global investment insights and his high level of engagement. Rob has chosen a new associate portfolio manager (“APM”) Josh Nelson who has been a research analyst covering the Business Service sector. We will meet with Josh shortly to assess him and his likely contribution to the process.

It is good to see Rob recover from a career low point in 2008 when he ranked in the bottom decile in performance among peers, as a result of being overly aggressive in his portfolio positioning. A key lesson learned from this experience is a higher risk awareness. Rob has been, and is likely to remain, more attentive to the factor exposures and unintended risks in the portfolio. We view this as positive and continue to see his willingness to make meaningfully active bets.

Our meeting with Director of Global Equities Bill Stromberg was positive and affirmed our view of TRP as a well managed, stable organization with strong investment leadership. Research analysts Ken Allen (Technology team leader) and Tim Parker (Energy analyst) also came off well and underscored the strength of the research inputs to the process.

Performance

Global Equity portfolio outperformed the MSCI World Growth strategy by 1081 basis points during the first three quarters of 2009. Stock selection was good across sectors with particular strength in the consumer discretionary and utilities sectors. This performance likely placed the manager in the top quartile relative to growth oriented peers for the year and was within our range of expectations.

| | YTD 3Q 2009 | | 2008 | | 2007 | | 2006 | |
|-------------------|-------------|------|--------|------|--------|------|--------|------|
| | Return | %ile | Return | %ile | Return | %ile | Return | %ile |
| Global Equity | 37.01 | 22 | -53.24 | 94 | 21.39 | 32 | 23.70 | 23 |
| MSCI World Growth | 26.20 | **** | -40.92 | **** | 15.10 | **** | 15.48 | **** |
| Excess Return | 10.81 | | -12.32 | | 6.29 | | 8.22 | |

T. ROWE PRICE INTERNATIONAL, INC.

For further information on the product or manager, please contact Ellen Chae at (253) 439-2766 or echae@russell.com.

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PRODUCT: GLOBAL EQUITY

ASSET CLASS
Equity

GEOGRAPHIC EMPHASIS
Global

STYLE
Growth

SUBSTYLE
-

OVERALL EVALUATION



We recommend that clients consider this manager for new placements and additional cash flow where appropriate.

Updated By: Ellen Chae
Target Excess Return: 200 to 200 bp
Target Tracking Error: 600 to 600 bp
Time Period: 3-4 years
Russell-Assigned Benchmark: MSCI All Country World-Growth Index

DISCUSSION

TRPI's Global Equity product is based on fundamental research and the portfolio will consist of around 60-100 high conviction stocks. The portfolio is diversified with modest restrictions on sector and country allocations. The portfolio will exhibit clear growth characteristics and within a multi-manager structure would be best complemented by a manager with a value bias.

INVESTMENT STAFF ① ② ③ ④ ⑤

Rob Gensler assumed the role portfolio manager of TRPI Global Equity product in April 2005. Rob's experience had been limited to the technology, media, and telecom sectors but rotations in London and Singapore over the past several years have deepened his global perspective and broadened his local market knowledge. These experiences combined with Rob's high energy level and clear focus on extracting the best ideas of the TRPI research platform have contributed to the product's success. Rob utilizes an "advisory committee" of skilled senior TRPI regional portfolio managers and sector analysts to help in idea generation and debate. We believe the input he receives from these professionals is of high quality.

ORGANIZATIONAL ENVIRONMENT ① ② ③ ④ ⑤

The Baltimore based US teams have been quite stable over time and the firm has built a solid culture there. The non-US effort had been in a state of evolution since the separation of TRPI's joint venture with Fleming and has stabilized as TRPI has full control and has been dedicating significant resources to buildings it non-US equity research staff. There are currently an equal number of US and non-US focused investors.



T. ROWE PRICE INTERNATIONAL, INC.**SECURITY SELECTION** ① ② ③ ④ ⑤

While TRPI's analysts provide the major source of ideas and maintenance research support for the product, Rob is ultimately responsible for stock selection. He generally focuses on expanding industries and well run companies within these with superior cash flow growth and strong or improving fundamentals. However Rob's investment approach affords a broader opportunity set than most growth managers and he will also buy turnaround prospects. We see this flexibility as compelling since it yields a larger opportunity set and gives scope for the product to participate in different stages of the market cycle.

Rob vigorously tests the merits of new ideas and the conviction levels of TRPI's research analysts. We believe the considerable time he spends here is differentiating from peers and allows him to deftly extract the truly best global ideas the firm can offer. This combined with his global perspective will support robust security selection decisions.

COUNTRY SELECTION ① ② ③ ④ ⑤

Country weights are largely a result of stock selection and are restricted to +/-10% (20% in the US) relative to the benchmark. Rob does consider the impact of macro economic factors at the stock level which helps to limit unintended bets on the country level but he doesn't make explicit bets on markets.

The strategy is benchmarked against MSCI All Country World Index and exposure to emerging markets will be higher than peers.

RESEARCH ① ② ③ ④ ⑤

TRPI principally follows a growth-at-a-reasonable-price (GARP) investment philosophy to generate investment ideas. However the attention to growth/valuation will depend on the metrics/models deemed most appropriate for the various sectors/industries.

We believe the foundational research and quality of stock recommendations to be robust, particularly in the US, though there are areas of weakness within non-US research as TRPI continues to build its knowledge and skill there. We see the near term deficit here as being more than mitigated by a set of insightful regional portfolio managers that Rob interacts with on his advisory committee.

Research is divided between geographical regions and also along global sectors such as energy, materials, and technology. This blend doesn't provide an ideal mechanism to make global tradeoffs but it is pragmatic given the firm's product set. Importantly, Rob has the ability to consolidate these various investment views and properly harness the research offered up. William Stromberg as Director of Global Equities has clearly demonstrated a desire to better integrate the firm's research teams worldwide and improve communication among analysts. This is a positive backdrop to the research effort.

ASSET ALLOCATION ① ② ③ ④ ⑤

This component is not ranked, as TRPI manages fully invested portfolios.

SELL DECISION ① ② ③ ④ ⑤

The sell criteria are typical but clearly defined and we have seen Rob adhere to these well. He is willing to exit stocks that have reached valuation peaks, seen deterioration in the underlying fundamentals, or where a better idea is available. Rob scrutinizes his holdings frequently to review conviction levels, upside potential and risk and as a result is active in keeping the portfolio fresh.



T. ROWE PRICE INTERNATIONAL, INC.**PORTFOLIO CONSTRUCTION** ① ② ③ ④ ⑤

We view Rob's approach to portfolio construction as a strength of this product. Although there are sector and country restrictions to balance risk exposures, Rob assigns absolute weights to stocks based on his conviction level using a combination of the magnitude of upside potential, probability of payoff, and inherent stock specific risks. He will also try to expose the portfolio to uncorrelated bets, which is an appealing additional diversification element. The risk conscious approach combined with using just highest conviction stocks is compelling and helps to distinguish this product from peers.

CURRENCY MANAGEMENT ① ② ③ ④ ⑤

TRPI engages in currency hedging for defensive purposes only, and only when it believes currencies are extremely overvalued. We do not anticipate Rob using currency hedges but would advise clients to limit latitude here.

IMPLEMENTATION ① ② ③ ④ ⑤

The sole decision-making structure and Rob's ability to act on new buy/sell signals in a timely fashion, result in a high degree of implementation efficiency. Dynamic communication between Rob and TRPI's global trading team provides the capacity to execute trades in a competitive and informed fashion. Assets have grown rapidly in the strategy under Rob's management. We view it positively that TRPI decided to soft close the strategy in the second half of 2007, and we will continue to monitor implementation efficacy.

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