



Why Emerging Markets Are Critical to Global Equity Investing

27 August 2008

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Presentation to PortfolioConstruction Conference 2008

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Biographical Background

As of 30 June 2008



Scott Berg, CFA

Associate Portfolio Manager for the Global Equity Strategy;

- 6 years investment experience
- 6 years with T. Rowe Price
 - Joined in 2002 as a research analyst (November 2005 recipient of the *Institutional Investor* “Best of the Buy Side”)¹
 - 2002-2006, responsible for covering processors and outsourcing stocks in the business services sector, and managed assets for firm’s structured Research Strategy
 - 2005-Present, Associate portfolio Manager, Global Equity Strategy
- 2000-2002, MBA from Stanford University (#1 in class)
- 1997-2000, Financial Analysis and Planning Manager for Mead Consumer and Office Products
- 1995-1997, Business analyst for McKinsey & Company
- 1991-1994, Graduate of Macquarie University (#1 in class)

¹ *Institutional Investor* selects its winning “Best of the Buy Side” analysts each year by asking the Wall Street sell-side analysts who receive All-America Research Team votes to designate outstanding buy-side analysts at money management firms. This data has been compiled based on the responses of approximately 550 sell-side analysts from 85 firms in 2005.

A Snapshot of the World

As of 30 June 2008

| | Share of Global Market Cap | Share of Global GDP | Share of Estimated 2008 Global GDP Growth | Estimated 2008 GDP Growth ² | Estimated 2008 EPS Growth | Estimated 2008 Price-to-Earnings |
|------------------|-------------------------------|---------------------|---|--|---------------------------|----------------------------------|
| Europe | 29% | 22% | 28% | 1.6% | 4.7% | 11.1X |
| United States | 42% | 24% | 68% | 1.1% | 9.7% | 14.8X |
| Japan | 9% | 8% | 8% | 1.0% | -0.1% | 15.8X |
| Australia | 3% | 2% | 2% | 3.20% | 14.0% | 12.5X |
| Canada | 4% | 2% | 2% | 1.0% | 23.0% | 14.8X |
| Emerging Markets | 12% | 30% | 50% | 5.7% | 28.9% | 11.2X |
| Total | \$28.80 Trillion ⁴ | \$60.10 Trillion | 91% ¹ | 3.3% ³ | 9.6% ³ | 13.1X ³ |

¹ Does not total 100% as residual percentage is derived outside regions that are shown.

² The Europe figures are for the European Union only.

³ Based on MSCI free float adjusted market cap.

Source: MSCI, Morgan Stanley, IMF, and UBS.

Relative Performance

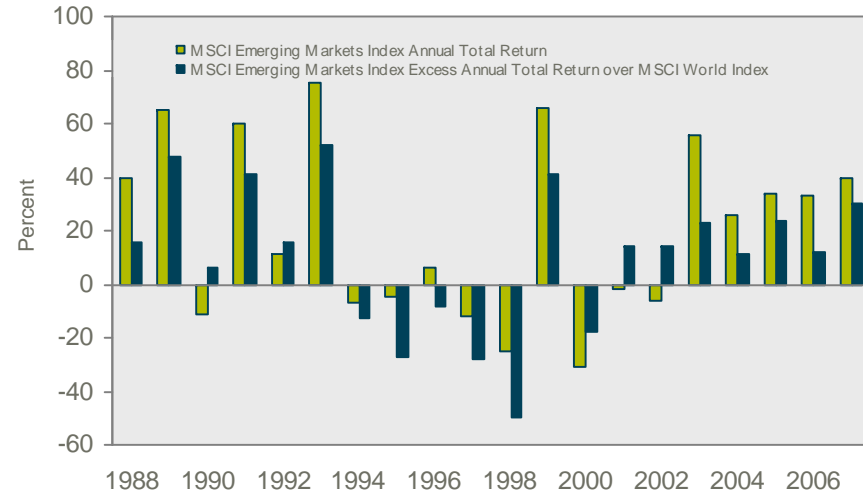
Emerging Markets Index vs. Developed Markets Index

As of 31 March 2008



Emerging Markets vs. Developed Markets

As of 31 December 2007



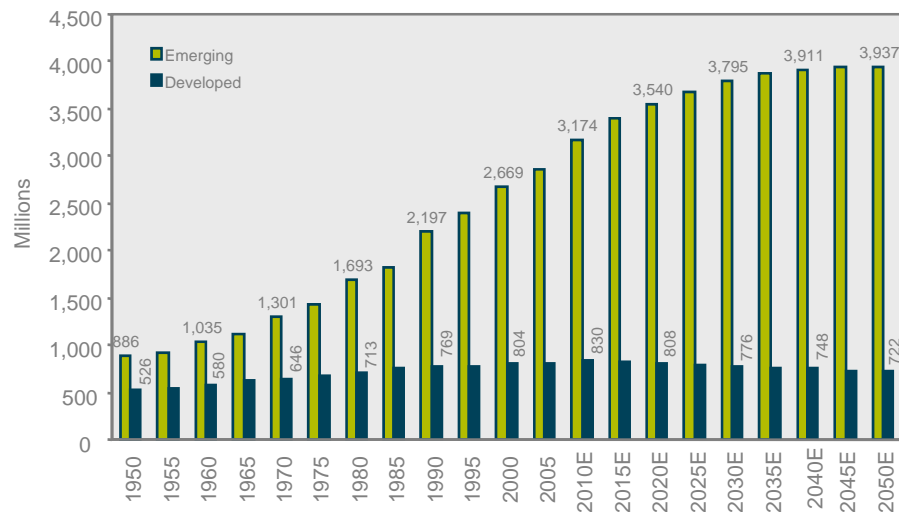
Pace of absolute gains and magnitude of relative outperformance are not sustainable versus the developed markets.

MSCI Emerging Markets Index versus MSCI World Index.
Source: MSCI, CSFB Research, through Dec 2007 (right chart only).
Past performance cannot guarantee future results.

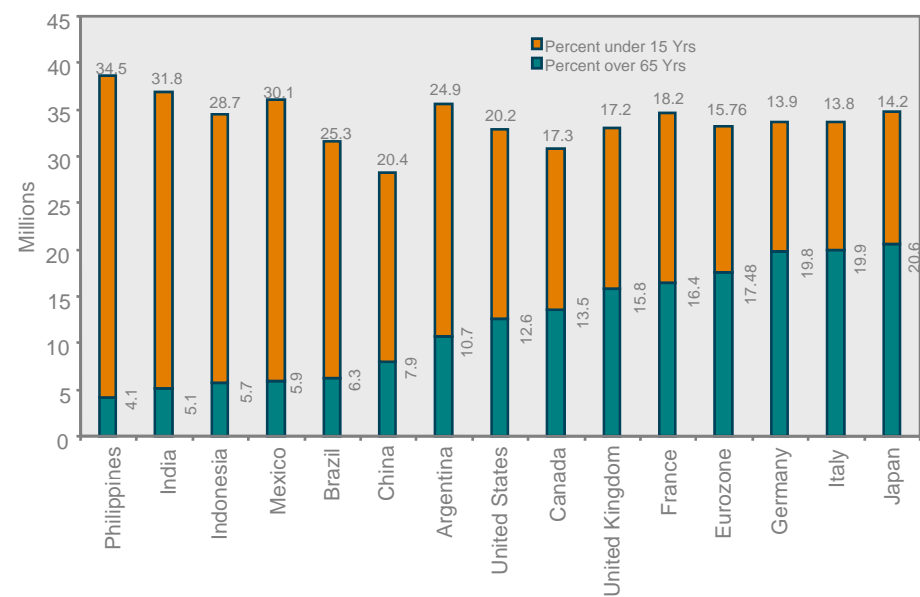
Secular Rise in Emerging Market Labor Force

As of 30 May 2008

Working Age Population, 15-64 Cohort



Global Population



Demographic shifts are fueling faster growth in emerging economies.

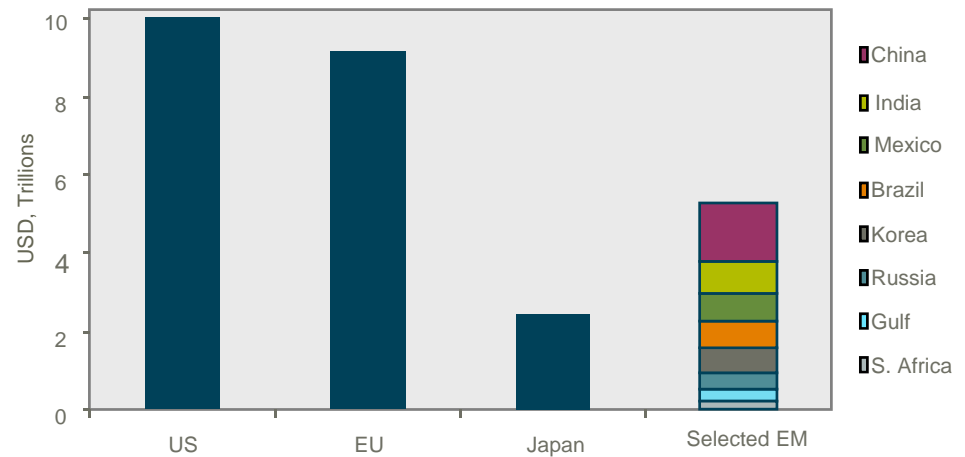
Source: Bloomberg.

Emerging Markets Continue to Grow Faster than Developed Markets

Comparative Real GDP Growth
As of April 2008



Household Consumption Spending, 2007e
As of 30 April 2007



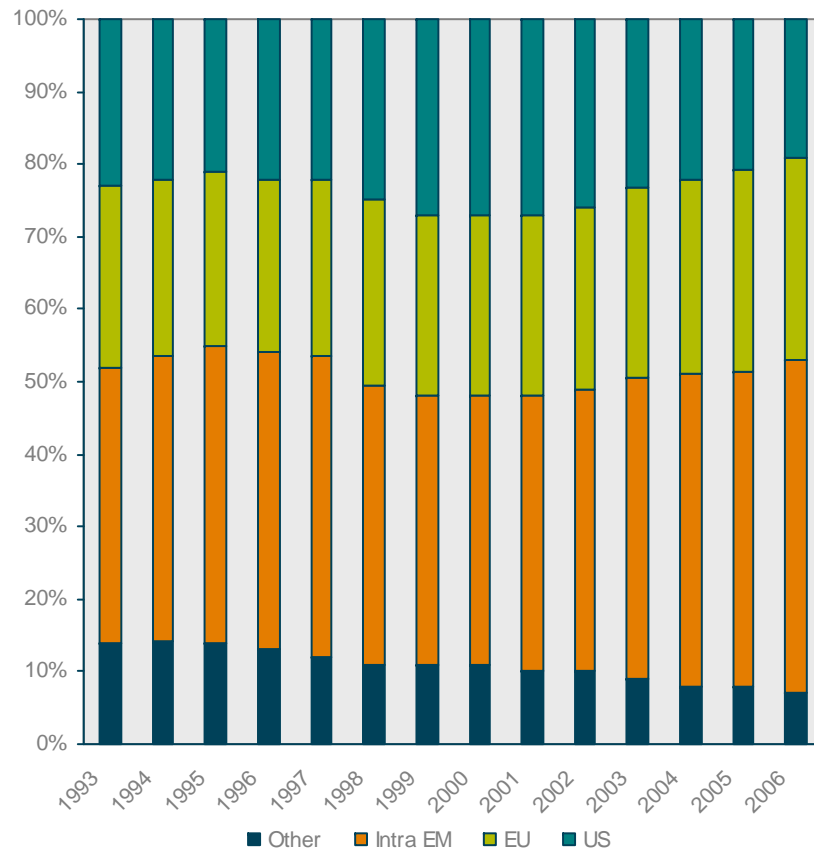
Transitioning to an Emerging Markets led global economy.

Source: IMF, Morgan Stanley Research, Worldbank, EIU, and Datasteam.

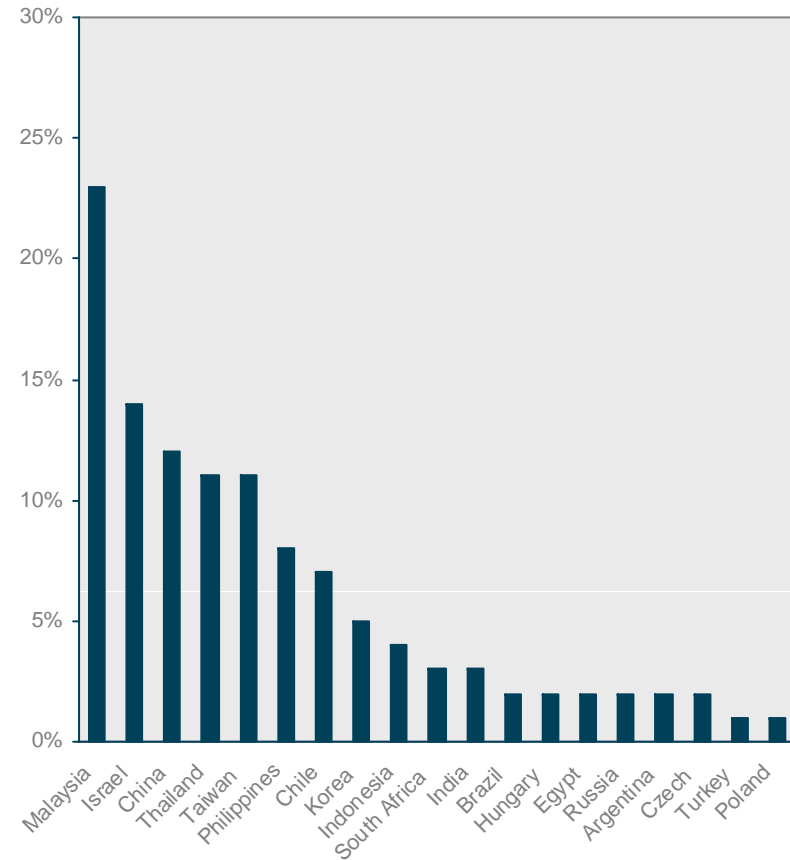
Note to right hand chart: e = Morgan Stanley Research estimates for household spending.

Diversification in Exports

EM Countries – Share of Total Exports, %
As of 17 April 2008



Total Exports to U.S. as Share of GDP, %
As of October 2007

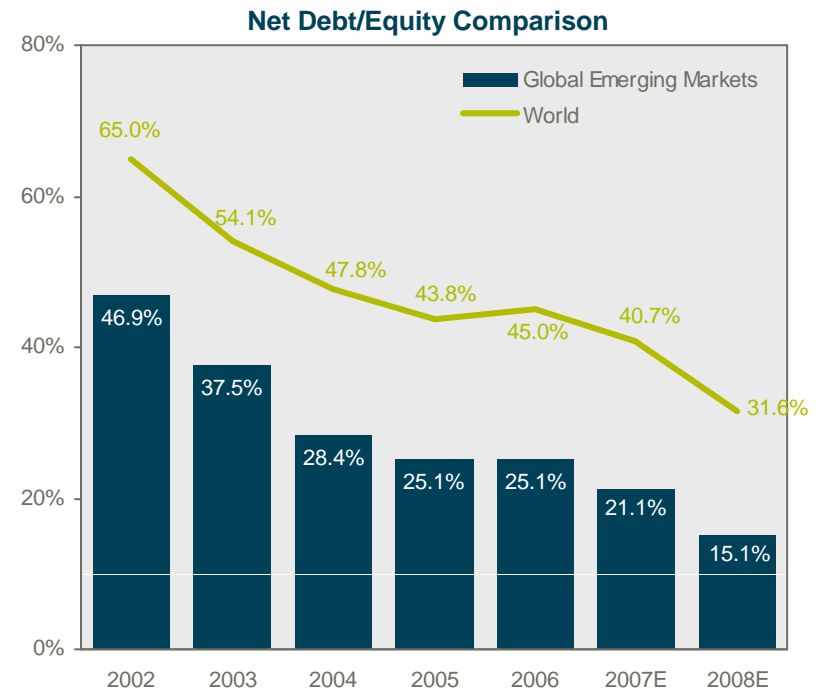


Intra-Emerging Markets trade boom feeding end-use demand and making Emerging Markets less dependent on exports for growth.

Source: Haver Analytics, Morgan Stanley Research.
Note to right hand chart: Last 12 months as of October, 2007.

Strong Earnings Growth and Falling Debt

As of 31 December 2007



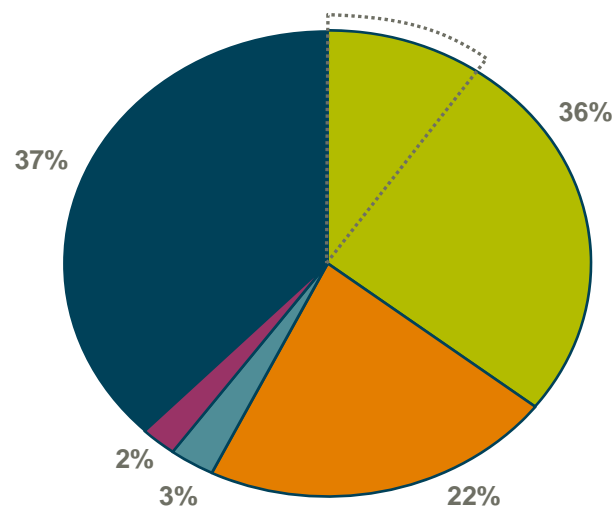
Performance of the asset class supported by strong earnings growth and improving balance sheets.

Source: UBS.

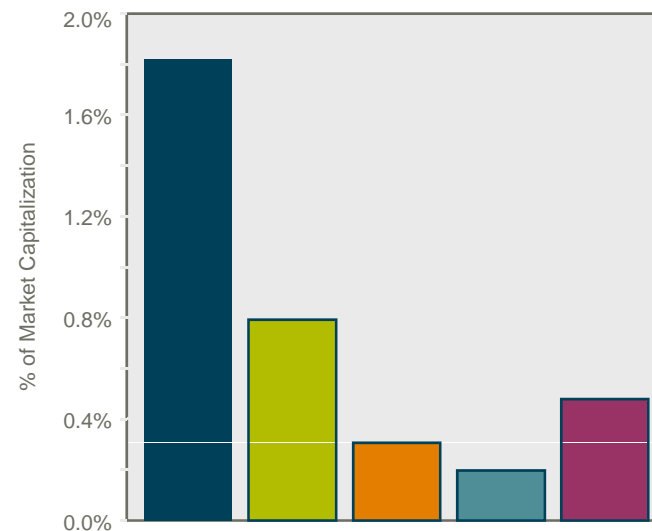
Emerging Market IPO Volumes

As of October 2007

IPO Volume 2007 Year-to-Date
(In US\$ millions)



IPO Volume as a Percentage of
Market Capitalization



■ **Emerging Markets** include: North Asia (including China), Latin America and the Caribbean, Indian sub-continent, and Middle East and Africa.

⋮ **Emerging Market Europe**

■ **Europe** includes Eastern Europe, also an emerging market, which may contribute an additional 10 to 15% of emerging market IPOs.

■ **North America**

■ **Japan**

■ **Australasia**

Growth & Valuations by Region

As of 4 August 2008

| | EPS Growth (%) | | | P/E (X) | | |
|-----------------------------------|----------------|-------|-------|---------|-------|-------|
| | 2007 | 2008E | 2009E | 2007 | 2008E | 2009E |
| EM | 30.1 | 28.5 | 15.5 | 14.3 | 11.0 | 9.5 |
| EM Asia | 37.3 | 21.3 | 10.6 | 16.3 | 12.2 | 11.1 |
| EM Europe, Middle East and Africa | 24.4 | 34.0 | 20.1 | 12.3 | 9.2 | 7.7 |
| EM Latin America | 25.7 | 34.9 | 17.7 | 13.3 | 11.5 | 9.7 |
| US | -5.1 | 2.0 | 29.4 | 15.7 | 15.4 | 11.9 |
| Europe | 9.9 | 3.1 | 13.2 | 11.0 | 10.7 | 9.4 |
| Japan | 7.6 | -0.1 | 10.6 | 15.2 | 15.3 | 13.8 |

Earnings growth forecast to be slower than recent years but remain robust across all regions, keeping valuations attractive.

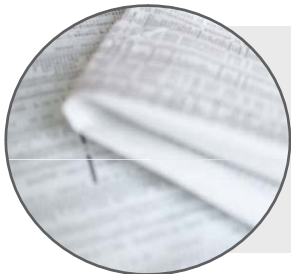
Source: UBS Investment Research.

Financials



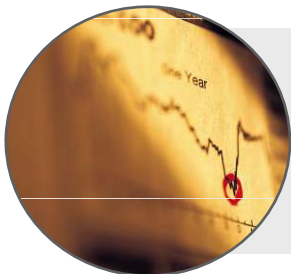
Banks

Faster economic growth in peripheral markets and low interest rates make loans more affordable.



Capital Markets

Opportunities exist to capitalize on growing trading volumes and healthy M&A environment.



Asset Managers

The growing affluent population creates demand for investment management and private banking services.



Exploration and Services

Focus on companies providing specialized services and expertise to the major integrated oils.



Spare Production Capacity

Emphasize companies with production capacity that can benefit from higher prices over the long-term.



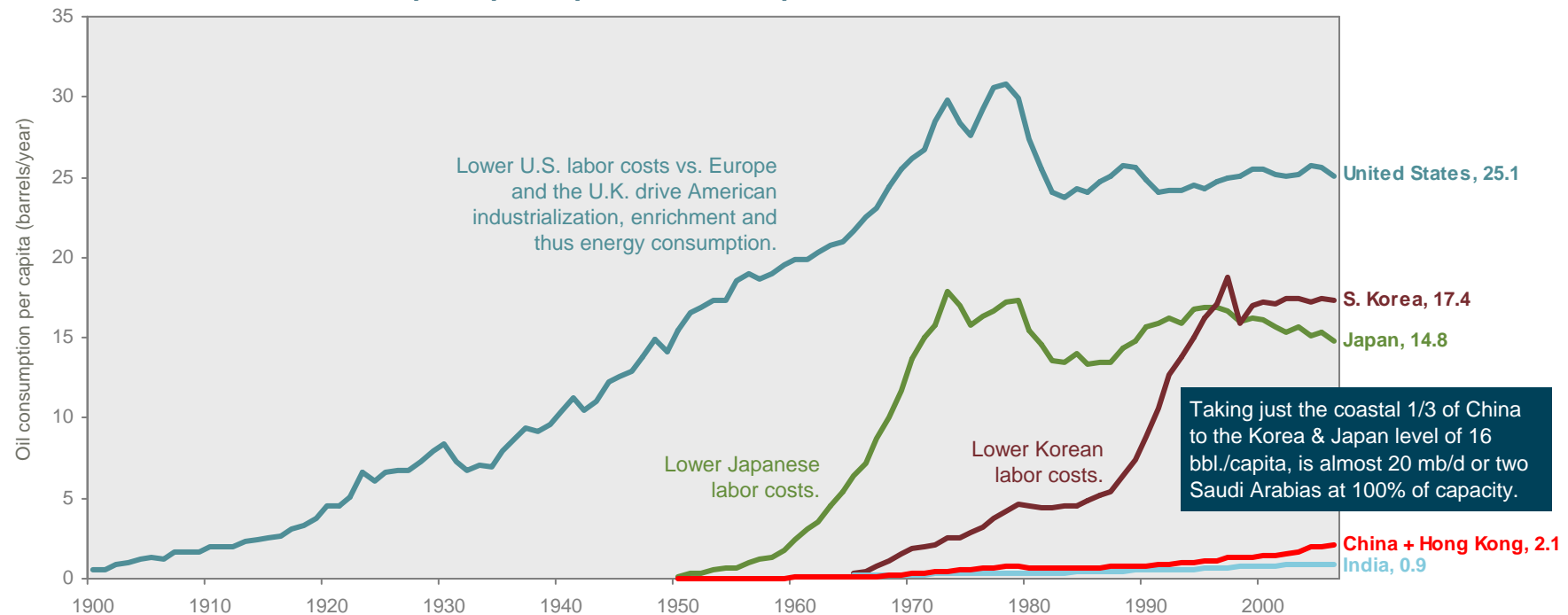
Scarcity

Companies with more accessible reserves or superior recovery technology are at an advantage as resources become scarce.

The Growth Potential Of Chinese Oil Demand

As of April 2008

Oil consumption per capita for U.S., Japan, South Korea, China and India



Oil per capita rises rapidly during early industrialization, then levels and segues to rapid real income growth. Rising world trade actually stimulates the industrialization phase.

Source: U.N. Energy Statistics Database, BP Statistical Review of World Energy, U.S. DOE/EIA, U.S. Census, Stifel, Nicolaus & Co., T. Rowe Price.

Tech / Media / Telecom



Digital Migration

Media will increasingly be delivered by non-traditional channels on increasingly sophisticated hand held devices.



Telecommunication Services

Prefer service providers in markets with rational competition and low penetration rates.



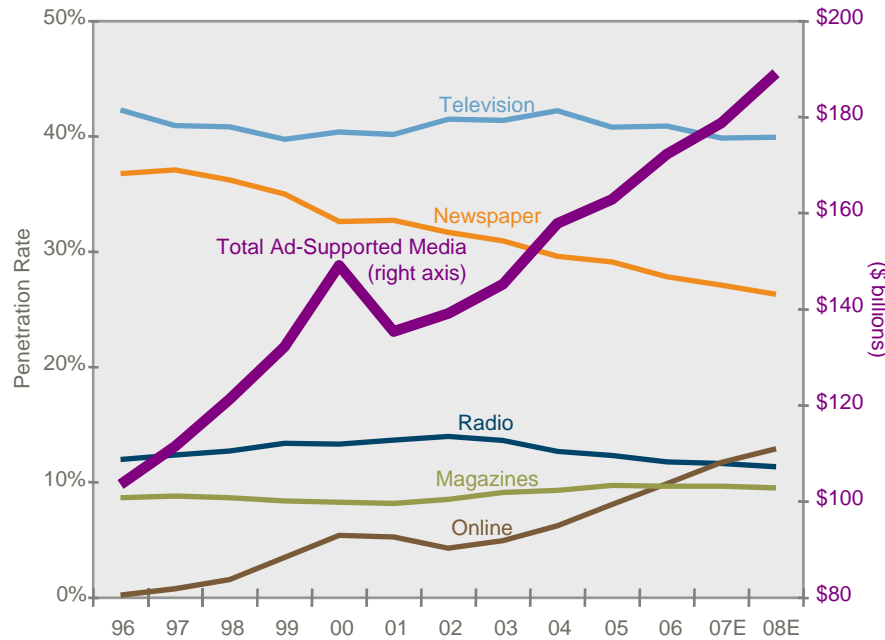
Technology Makes it all Work

Focus on companies that enable change such as those leveraged to the internet, IP routing or wireless data transfer.

Tech / Media / Telecom – Digital Migration and Wireless Penetration

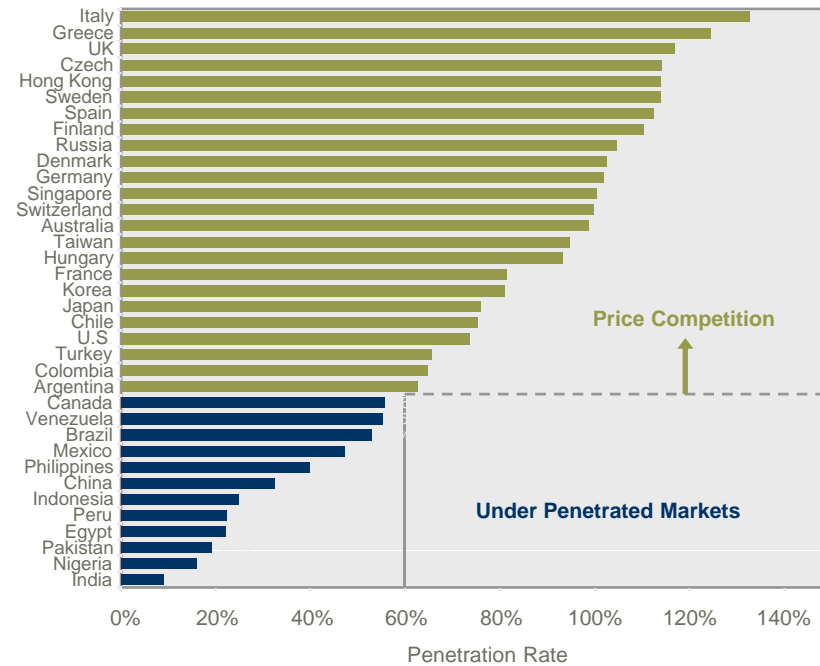
As of 31 December 2006

Allocation of Advertising Dollars



New online providers are taking share from traditional media and total ad-spend is rising.

Wireless Service Penetration Rates



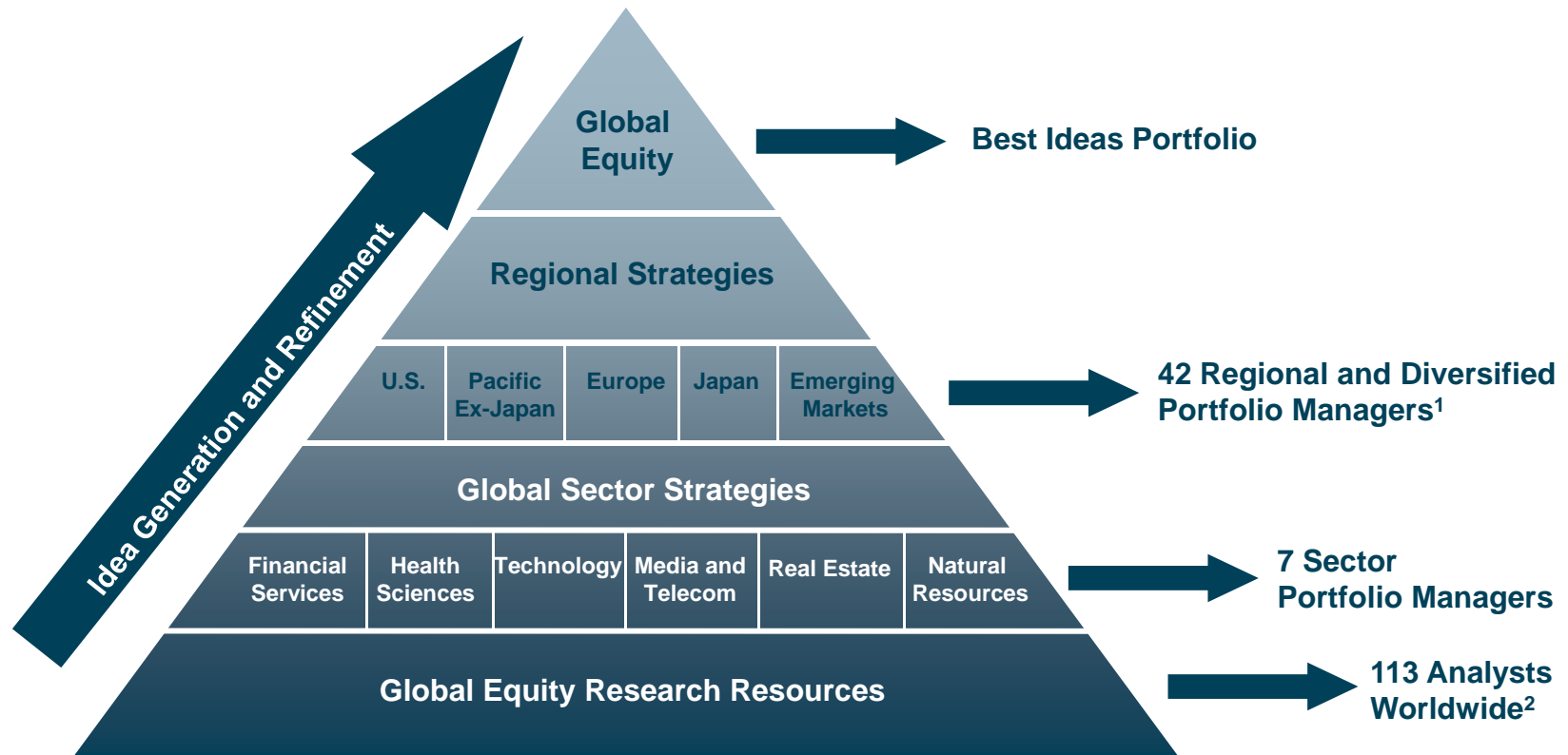
Wireless service is still a growth story in under penetrated emerging markets.

Source: Thomas Weisel Partners, Merrill Lynch, T. Rowe Price.

Questions and Answers

Global — More Than The Sum Of The Parts

As of 30 June 2008



Global Equity Strategy Leverages our Global Structure.

¹ 36 Diversified Portfolio Managers and 6 Associate Portfolio Managers.

² 15 Portfolio Managers/Analysts, 72 Research Analysts, 22 Associate Research Analysts, 2 Distribution Management Services Associates, and 2 Specialty Analysts.

T. Rowe Price Global Equity Fund Holdings

As of 30 June 2008

| Issuer Name | Industry | % Mkt Value | Mkt Cap | Issuer Country | Description |
|-------------------------|--|-------------|---------|----------------|---|
| America Movil | Wireless Telecommunication Services | 4.8% | 91,058 | Mexico | America Movil S.A. de C.V. provides wireless communications services in all regions of Mexico. |
| Google | Internet Software & Services | 4.0% | 165,345 | United States | Google Inc. provides a web based search engine through its Google.com website. |
| American Tower Corp | Wireless Telecommunication Services | 3.1% | 16,755 | United States | American Tower Corporation owns, operates, and develops wireless communications and broadcast towers in the United States. |
| Alcatel-Lucent | Communications Equipment | 3.0% | 14,090 | France | Alcatel-Lucent manufactures telecommunications equipment, and offers telecommunications services. |
| Gazprom OAO | Oil, Gas & Consumable Fuels | 2.7% | 337,003 | Russia | Gazprom extracts, transports, stores, and sells natural gas. The Company is the successor to the State-owned gas company. |
| BHP Billiton PLC | Metals & Mining | 2.2% | 222,912 | United Kingdom | BHP Billiton Limited is an international resources company. |
| Amazon.com Inc | Internet & Catalog Retail | 2.1% | 30,628 | United States | Amazon.com is an online retailer of books, CDs, videos, DVDs, and other consumer goods. |
| Orascom Telecom | Wireless Telecommunication Services | 2.1% | 13,311 | Egypt | Orascom Telecom Holding SAE operates and participates in joint ventures that run GSM networks and operations in Africa and the Middle East. |
| Telefonica SA | Diversified Telecommunication Services | 2.0% | 126,953 | Spain | Telefonica S.A. provides telecommunications services mainly to countries in Europe and Latin America. |
| WellPoint | Health Care Providers & Services | 2.0% | 25,078 | United States | WellPoint Inc. is a health benefits company. |
| Top 10 Issuers % of TNA | | 28.0% | | | |

The specific securities identified and described do not represent all of the securities purchased or sold for this Fund and no assumption should be made that the securities identified and discussed were or will be profitable.



T. Rowe Price Global Equity Fund Holdings

As of 30 June 2008

| Issuer Name | Industry | % Mkt Value | Mkt Cap | Issuer Country | Description |
|---------------------------------------|-------------------------------------|-------------|---------|----------------|---|
| Rolls-Royce Group PLC | Aerospace & Defense | 1.9% | 12,382 | United Kingdom | Rolls-Royce is a leading provider of power systems and services for the civil aerospace, defence aerospace, marine and energy markets. |
| Juniper Networks | Communications Equipment | 1.8% | 11,643 | United States | Juniper Networks, Inc. provides Internet infrastructure solutions for Internet service providers and other telecommunications service providers. |
| E.ON AG | Electric Utilities | 1.7% | 134,609 | Germany | E.ON's principal activity is the provision of energy services; the company also imports natural gas and supplies specialty chemicals. |
| Grupo Financiero Banorte SAB de CV | Commercial Banks | 1.6% | 9,495 | Mexico | Grupo Financiero Banorte is one of Mexico's leading bank groups, providing a variety of banking, lending, investment, and money exchange services through more than 1,000 branches and 3,500 ATMs. |
| Sprint Nextel Corp | Wireless Telecommunication Services | 1.6% | 27,085 | United States | Sprint Nextel Corporation offers a range of wireless and wireline communications services to consumer, business, and government customers. |
| Murphy Oil Corp | Oil, Gas & Consumable Fuels | 1.6% | 18,627 | United States | Murphy Oil Corporation is a worldwide oil and gas exploration and production company with refining and marketing operations |
| Goldman Sachs | Capital Markets | 1.5% | 74,787 | United States | The Goldman Sachs Group, Inc. is a global investment banking and securities firm specializing in investment banking, trading and principal investments, and asset management and securities services. |
| Deere & Co | Machinery | 1.5% | 31,084 | United States | Deere & Company manufactures and distributes a range of agricultural, construction, and commercial and consumer equipment. |
| Baker Hughes Inc | Energy Equipment & Services | 1.5% | 26,903 | United States | Baker Hughes Incorporated supplies reservoir-centered products, services, and systems to the worldwide oil and gas industry. |
| Industrial & Commercial Bank of China | Commercial Banks | 1.5% | 238,377 | China | Industrial and Commercial Bank of China Ltd provides a broad range of personal and corporate commercial banking services all over China. |
| Top 20 Issuers % of TNA | | 46.5% | | | |

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Total Return Performance

T. Rowe Price Global Equity Fund

Periods Ending 30 June 2008 (\$AUD)

| Global Equity Fund | 1 Month | 3 Months | YTD | 1 Year | Since Inception 15 Sep 2006 |
|--|---------|----------|--------|--------|--------------------------------|
| T. Rowe Price Global Equity Fund (Gross of Fees) ¹ | -10.23 | -3.77 | -17.41 | -13.27 | -2.86 |
| T. Rowe Price Global Equity Fund (Net of Fees) | -10.34 | -4.09 | -17.97 | -14.41 | -4.12 |
| MSCI AC World Index ² | -8.77 | -6.17 | -18.03 | -19.37 | -7.39 |
| Value Added ³ | -1.57 | 2.08 | 0.06 | 4.96 | 3.27 |

Calendar Years

| | 2006 | 2007 | YTD 2008 |
|--|------|------|-------------|
| T. Rowe Price Global Equity Fund (Gross of Fees) ¹ | 6.69 | 7.76 | -17.41 |
| T. Rowe Price Global Equity Fund (Net of Fees) | 6.29 | 6.38 | -17.97 |
| MSCI All Country World Index ² | 5.59 | 0.70 | -18.03 |

¹ Gross-of-fees performance figures are estimated by taking month end net asset values and adding back the monthly prorated expenses based on the annual expense ratio as provided in the product disclosure statement.

² Shown with gross dividends reinvested.

³ Value Added Global Equity Fund (Gross of Fees) compared to MSCI All Country World Index.

Figures include changes in principal value, reinvested dividends and capital gain distributions. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. Past performance cannot guarantee future results.

Let's start thinking about...

This session was:

- 1. awful**
- 2. mediocre**
- 3. good**
- 4. excellent**

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Time's Up!

Let's start thinking about...

This session was:

- 1. awful**
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