

T. ROWE PRICE HONG KONG LIMITED
(Price Hong Kong)

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PART 2A OF FORM ADV: FIRM BROCHURE
March 30, 2011

This brochure provides information about the qualifications and business practices of Price Hong Kong. If you have any questions about the contents of this brochure, please contact us at 410-345-4976 or via email to chris_hayes@troweprice.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), the Securities and Futures Commission (SFC), or by any state securities authority.

Additional information about Price Hong Kong is also available on the SEC's website at www.adviserinfo.sec.gov. (Price Hong Kong is a registered investment adviser under the Investment Advisers Act of 1940; however, such registration does not imply a certain level of skill or training.)

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Advisory Business

T. Rowe Price Hong Kong Limited (**Price Hong Kong**) is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of T. Rowe Price International Ltd (**Price International Ltd**) which is a wholly owned subsidiary of T. Rowe Price Associates, Inc. (**Price Associates**) which itself is a wholly owned subsidiary of T. Rowe Price Group, Inc. (**Price Group**). Price Hong Kong is a Hong Kong limited company licensed by the Securities and Futures Commission (**SFC**) and provides investment management services for clients who seek to primarily invest in Asia Pacific securities markets. Price Hong Kong provides investment management services to institutional investors and commingled products and may delegate investment management to one or more of its affiliated investment advisers, Price International Ltd, Price Associates, or T. Rowe Price Singapore Private Ltd. (**Price Singapore**), when appropriate. (Please refer to Part 2A of Form ADV for additional disclosure about each adviser.) Price Hong Kong and its affiliated entities are committed to meeting the needs of institutional investors worldwide. Price Hong Kong offers the following services:

Institutional Separate Account Management

Price Hong Kong and its affiliated advisers maintain multiple active management strategies in equity and fixed income asset classes as follows (and as further described under *Fees and Compensation*):

- U.S., Global, and International Equity mandates including small, mid- and large-cap, growth, value and core, index-enhanced, as well as sector-specific equity mandates;
- U.S., Global, and International Fixed Income mandates including active taxable (core plus, core, enhanced bond), cash management, short term, high yield, global, emerging markets, and sector-specific fixed income mandates.

Subadvisory Mutual Fund Management

Price Hong Kong may serve as investment subadviser to registered investment companies sponsored by insurance companies, banks, and other third-party financial institutions. Pursuant to an investment subadvisory agreement, Price Hong Kong provides day-to-day investment management services to the fund; supports the fund's compliance with applicable investment restrictions and investment policies; provides periodic performance and compliance reports to the fund's adviser and its board; assists the fund's service providers in pricing certain securities and preparing various fund-related materials to be included in fund registration statements, proxies, and semi-annual and annual reports. It also provides investment-related content, fund communications, and meeting support to the fund sponsor and its affiliates. For Price Hong Kong's services, the fund's adviser pays a subadvisory fee based on a percentage of the average daily net assets of the portfolio. Price Hong Kong reserves the right to offer clients and

prospective clients variances to the fee schedules or waive a portion of the subadvisory fees as disclosed herein based on portfolio size, overall client relationship, nature of the services provided, and investment strategies offered, among other factors. Similar services may be available from other investment advisers for a fee that may be higher or lower than the fee charged by Price Hong Kong.

Collective Investment Funds

Price Hong Kong may serve as investment adviser or subadviser to certain employee benefit plans for which T. Rowe Price Trust Company (**Trust Company**), a wholly owned subsidiary of Price Associates, may serve as directed trustee and for which T. Rowe Price Retirement Plan Services, Inc. (**Retirement Plan Services**), a wholly owned subsidiary of Price Associates, may provide recordkeeping, participant accounting, and communication services. Certain of these and other employee benefit plans have authorized investments in one or more collective investment funds (also known as common trust funds) for which the Trust Company serves as trustee and Price Hong Kong may serve as investment adviser or subadviser to the trustee. The amount of the investment is generally determined by the participating plans. Fees paid by a plan to the Trust Company regarding investment in a common trust fund are generally payable pursuant to a contract between the Trust Company and the plan.

Mutual Fund Management, SICAV, and Other Collective Investment Funds

Price Hong Kong serves as investment subadviser for the T. Rowe Price International Discovery Fund and T. Rowe Price New Asia Fund, both of which are investment companies registered with the U.S. Securities and Exchange Commission (**SEC**) and for which Price Associates sponsors and serves as investment adviser. Price Hong Kong serves as subadviser to certain T. Rowe Price Funds SICAV which are distributed by Price International Ltd and sponsored by T. Rowe Price Luxembourg Management S.a.r.l. Price Hong Kong also serves as subadviser to certain other T. Rowe Price non-U.S. collective investment funds for which Price International Ltd acts as sponsor and adviser. All such funds are collectively referred to herein as **Price Funds**. Information concerning each such fund, including details of the advisory fee, is disclosed in each fund's current prospectus.

Discretionary/Non-Discretionary Services. Generally, Price Hong Kong provides discretionary investment management services and is authorized to make investment decisions without specific client approval (provided investments are consistent with clients' stated investment objectives and guidelines). However, certain services may be offered on a non-discretionary basis. Clients may require that every security transaction that Price Hong Kong recommends be authorized by the client prior to execution. The timing, form, and content of such authorization may vary from client to client.

Certain clients who have authorized Price Hong Kong to execute transactions for their accounts without prior approval prohibit the purchase of specific securities or industry groups or impose

other limitations on the quality, quantity, or type of securities according to stated investment guidelines and policies. Such client-mandated limitations could include industry and socially conscious restrictions.

The stated investment guidelines and policies of certain clients may prohibit the purchase of particular securities or classes of securities if they would cause the amount in the client's portfolio to exceed a percentage designated by the client.

Price Hong Kong reserves the right, in its discretion, to restrict investments in companies determined after thorough review to be engaged in business activities significantly inconsistent with socially conscious principles.

From time to time Price Hong Kong's capacity may be constrained for certain mandates due to market conditions, cash flow levels from prospective and current clients, or other factors. In such event, Price Hong Kong reserves the right to allocate capacity among its clients in its discretion and may take into consideration the client's overall advisory relationship with Price Hong Kong and its affiliates in allocating such capacity.

Absent specific review by the appropriate oversight committee, Price Hong Kong ordinarily will not make additional purchases of a common stock for its clients if 10% or more of the outstanding common stock of the issuer would be held by its clients, including registered investment companies for which Price Associates serves as adviser and clients of affiliated advisers in the aggregate. In certain instances, however, Price Hong Kong may increase aggregate ownership to 18% or more.

As of January 3, 2011, the date of our recent corporate restructuring, Price Hong Kong managed approximately \$ 7.2 Billion on a discretionary basis for its separate account clients, registered investment companies that it subadvises, or common trust funds sponsored by its affiliated limited purpose trust company. As of the same date, Price Hong Kong did not manage assets on a non-discretionary basis for its clients.

The above figures for assets managed on a discretionary basis include assets managed by Price Hong Kong pursuant to delegation from an affiliated adviser. (For example, T. Rowe Price (Canada), Inc. contracts with Canadian clients and delegates investment management authority to Price Hong Kong as authorized in the client's investment management agreement.) Such assets are also reported in the advisory affiliate's Part 2A of Form ADV.

Fees and Compensation

The standard fee schedules currently in effect for new clients for each type of service provided are listed on the following pages. Fees charged are no higher than fees currently charged by Price Associates, Price International Ltd, Price Singapore, and T. Rowe Price (Canada), Inc. (**Price Canada**) directly to clients of such advisers for similar services. There are no additional fees charged for delegation of investment management services to such advisers.

Certain clients may have different fee arrangements; normally, however, fees are not negotiable. Similar services may be available from other investment advisers for a fee that may be higher or lower than the fee charged by Price Hong Kong. We reserve the right to offer clients and prospective clients variances to the fee schedules based on portfolio size, overall client relationship, nature of the services provided, investment strategies offered, and other factors. Certain clients may qualify for a fee credit based on total separate account assets under management by Price International Ltd or its affiliates and in qualifying strategies and investments in related collective trust funds sponsored by the Trust Company.

Billing Practices. Price Hong Kong generally bills clients in arrears based on quarter-end portfolio valuations and may at the request of the client make alternate billing arrangements. Our standard Investment Advisory Agreement may be terminated at any time by either party giving notice to the other. Fees payable will be prorated to the date of termination. Fees are also pro-rated for the initial quarter of services to reflect the number of days Price Hong Kong provides services.

If Price Hong Kong invests an account's cash reserves in a third party short-term investment fund (**STIF**) or other pooled vehicle for which a fee is charged, Price Hong Kong includes that vehicle in the account's market value for billing purposes. Clients generally pay fees to the sponsor/adviser of such commingled fund.

Clients may direct Price Hong Kong to send statements for advisory fees directly to the client's designated custodian for payment. In such cases, Price Hong Kong sends a copy of the statement to the client at the same time the statement is forwarded to the custodian.

Non-Advisory Fees and Expenses. Price Hong Kong may include one or more of the Price Funds in client portfolios, as authorized in client guidelines. Except as noted below, Price Hong Kong and its affiliates receive advisory and other fees and expenses from each Price Fund based on the value of the Price Fund's assets as disclosed in the prospectuses, copies of which are provided to clients prior to investment. Price Hong Kong generally excludes the value of Price Fund shares held in a client account when the advisory fee is computed.

Neither representatives of Price Hong Kong nor any affiliated entity receive commission-based compensation for the sale of the Price Funds. Additional information regarding fees that clients

pay to the Price Funds through investment in their respective funds is provided under *Other Financial Industry Activities and Affiliations*.

Please see additional information regarding commission expenses under *Brokerage Practices*.

ACTIVE EQUITY INVESTMENT MANAGEMENT

Asia Ex-Japan	
Asia Ex-Japan portfolios seek long-term capital appreciation primarily through investment in companies in Asia, excluding Japan, with faster earnings growth and reasonable valuation levels relative to market/sector averages.	
First \$50 Million	0.850%
Next \$200 Million	0.750%
Above \$250 Million	0.700%
Minimum Account Size: \$50 Million	

Price International Ltd provides investment management services for clients in the following strategies. Refer to Price International Ltd's Form ADV, Part 2A, for additional disclosure about the adviser.

Global Emerging Markets Equity, Africa & Middle East, Latin America, and Emerging Europe Equity	
<p>Global Emerging Markets Equity portfolios seek long-term capital appreciation primarily through investment in established companies, in developing markets, with faster earnings growth and reasonable valuation levels relative to market/sector averages.</p> <p>Africa & Middle East portfolios seek long-term capital appreciation through investing across the region in companies who are experiencing strong earnings growth and trading at reasonable valuations relative to market/sector averages.</p> <p>Latin America portfolios seek long-term capital appreciation through investment in companies in Latin America, with faster earnings growth and reasonable valuation levels relative to market/sector averages.</p> <p>Emerging Europe Equity portfolios seek long-term capital appreciation primarily through investment in companies in eastern Europe, Russia, Middle East, and northern Africa, with faster earnings growth and reasonable valuation levels relative to market/sector averages.</p>	
First \$50 Million	0.850%
Next \$200 Million	0.750%
Above \$250 Million	0.700%
Minimum Account Size: \$50 Million	
European Equity	
<p>European Equity portfolios seek to provide long-term capital appreciation through an aggressive and focused approach to fund management.</p>	
First \$50 Million	0.550%
Next \$50 Million	0.500%
When assets exceed \$100 Million*	0.450% on all assets
When assets exceed \$200 Million*	0.400% on all assets
Minimum Account Size: \$50 Million	
Japan Equity	
<p>Japan Equity portfolios seek long-term capital appreciation primarily through investment in large-, mid-, and small-cap companies traded in Japan markets, with faster earnings growth and reasonable valuation levels relative to market/sector averages.</p>	
First \$50 Million	0.600%
Next \$50 Million	0.550%
When assets exceed \$100 Million*	0.500% on all assets
When assets exceed \$200 Million*	0.450% on all assets
Minimum Account Size: \$50 Million	
Continued on following page.	

International Small-Cap Equity	
International Small-Cap Equity portfolios seek 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.	
First \$50 Million	0.950%
Next \$50 Million	0.900%
When assets exceed \$100 Million*	0.900% on all assets
When assets exceed \$200 Million*	0.850% on all assets
Minimum Account Size: \$50 Million	

*A transitional credit is applied to the fee schedule as assets approach or fall below these breakpoints.

Price Associates provides investment management services for clients in the following strategies. Refer to Price Associates' Form ADV, Part 2A, for additional disclosure about the adviser.

Global Equity	
Global Equity portfolios consist primarily of common stocks of established companies throughout the world, including the U.S.	
First \$50 Million	0.650%
Next \$50 Million	0.600%
When assets exceed \$100 Million*	0.550% on all assets
When assets exceed \$200 Million*	0.500% on all assets
Minimum Account Size: \$50 Million	
Global Large-Cap Equity	
Global Large-Cap Equity portfolios consist primarily of common stocks of large-cap companies throughout the world, including the U.S.	
First \$50 Million	0.600%
Next \$50 Million	0.550%
When assets exceed \$100 Million*	0.500% on all assets
When assets exceed \$200 Million*	0.450% on all assets
Minimum Account Size: \$50 Million	
U.S. Large-Cap Growth, U.S. Large-Cap Core, U.S. Large-Cap Core Growth, and U.S. Large-Cap Value	
U.S. Large-Cap Growth, U.S. Large-Cap Core, and U.S. Large-Cap Core Growth portfolios consist primarily of stocks of large companies believed to have potential for above-average earnings growth.	
U.S. Large-Cap Value portfolios consist primarily of dividend-paying common stocks and convertible securities, emphasizing stocks considered by Price Associates to be undervalued.	
First \$50 Million	0.500%
Next \$50 Million	0.450%
When assets exceed \$100 Million*	0.400% on all assets
When assets exceed \$200 Million*	0.350% on all assets
Minimum Account Size: \$50 Million	
U.S. Small-Cap Growth, U.S. Small-Cap Core, and U.S. Small-Cap Value	
U.S. Small-Cap Growth portfolios consist primarily of smaller-capitalization growth stocks.	
U.S. Small-Cap Core portfolios consist primarily of both growth and value stocks of smaller-capitalization companies.	
U.S. Small-Cap Value portfolios consist primarily of the stocks of smaller-capitalization companies with lower-than-market valuations using traditional valuation criteria.	
First \$20 Million	0.750%
Above \$20 Million	0.600%
Minimum Account Size: \$50 Million	
Continued on following page.	

Global Real Estate	
Global Real Estate portfolios consist primarily of equity securities of real estate companies, including companies that derive at least 50% of revenues or profits from, or commit at least 50% of assets to, real estate activities.	
First \$50 Million	0.600%
Next \$50 Million	0.550%
When assets exceed \$100 Million*	0.550% on all assets
When assets exceed \$200 Million*	0.500% on all assets
Minimum Account Size: \$50 Million	
Global Health Sciences and Global Natural Resources	
Global Health Sciences portfolios consist primarily of common stocks of companies engaged in health sciences and related industries.	
Global Natural Resources portfolios consist primarily of common stocks of companies engaged in natural resource and related industries.	
All assets	0.600%
Minimum Account Size: \$50 Million	
Global Technology	
Global Technology portfolios consist primarily of common stocks of companies throughout the world expected to benefit from technological progress.	
First \$50 Million	0.700%
Next \$50 Million	0.675%
When assets exceed \$100 Million*	0.650% on all assets
When assets exceed \$200 Million*	0.625% on all assets
Minimum Account Size: \$50 Million	

*A transitional credit is applied to the fee schedule as assets approach or fall below this breakpoint.

ACTIVE FIXED INCOME MANAGEMENT

Price International Ltd provides investment management services for portfolios invested in global fixed income securities issued by governments and corporate entities. These portfolios may also invest in currencies and the use of derivatives, including futures and options, is also permitted. We seek to exploit inefficiencies in the full universe of the global fixed income and currency markets while effectively managing risk within the portfolios. Price International Ltd seeks to accommodate specific portfolio management objectives with strategies that range from controlled volatility to those that are longer-term oriented, depending on client requirements.

Global Aggregate	
First \$50 Million	0.325%
Next \$50 Million	0.275%
Next \$150 Million	0.225%
Above \$250 Million	0.200%
Minimum Account Size: \$50 Million	
Euro Corporate Bond	
First \$50 Million	0.300%
Next \$50 Million	0.250%
Next \$150 Million	0.200%
Above \$250 Million	0.175%
Minimum Account Size: \$50 Million	

Price Associates provides investment management services for portfolios invested in global fixed income securities issued by governments and corporate entities. These portfolios may also invest in currencies and the use of derivatives, including futures and options, is also permitted. We seek to exploit inefficiencies in the full universe of the global fixed income and currency markets while effectively managing risk within the portfolios. Price Associates seeks to accommodate specific portfolio management objectives with strategies that range from controlled volatility to those that are longer-term oriented, depending on client requirements.

Global Emerging Markets Bond	
First \$50 Million	0.500%
Next \$50 Million	0.450%
Next \$150 Million	0.400%
Above \$250 Million	0.375%
Minimum Account Size: \$50 Million	
Global Multi-Sector	
First \$50 Million	0.375%
Next \$50 Million	0.325%
Next \$150 Million	0.275%
Above \$250 Million	0.250%
Minimum Account Size: \$100 Million	
Emerging Market Corporate	
First \$50 Million	0.550%
Next \$50 Million	0.500%
Next \$150 Million	0.450%
Above \$250 Million	0.425%
Minimum Account Size: \$50 Million	

Price Associates provides investment management services for portfolios invested solely in taxable or tax-free fixed income instruments. Price Associates seeks to accommodate specific portfolio management objectives with strategies that range from controlled volatility to those that are longer-term oriented, depending on client requirements.

Global High Yield	
First \$50 Million	0.500%
Next \$50 Million	0.450%
Next \$150 Million	0.400%
Above \$250 Million	0.375%
Minimum Account Size: \$100 Million	
U.S. Corporate and U.S. Corporate Limited	
First \$50 Million	0.300%
Next \$50 Million	0.250%
Next \$150 Million	0.200%
Above \$250 Million	0.175%
Minimum Account Size: \$50 Million	

Performance-Based Fees and Side-By-Side Management

Performance-Based Fees

Price Hong Kong does not currently offer or accept performance-based fee arrangements. A description of Price Hong Kong and its affiliated advisers' current fee schedules and billing practices is included under *Fees and Compensation*.

Side-by-Side Management

Price Associates recently incepted an offshore fund managed in accordance with a research driven investment strategy that takes short positions in the equity securities of certain S&P 500 Index (**Index**) constituents as part of its strategy. Currently, this is the only account within the T. Rowe Price complex that employs direct short selling of equity securities as part of a strategy. The strategy's concept is derived from the firm's more prevalent Structured Research Strategy, a research driven, enhanced index strategy which is also based on the Index. We have employed certain measures to create separation between the trading activity, and certain information flowing from such activity, in the portfolio in which short selling transactions are executed and the other portfolios managed by Price Associates and its affiliated advisers.

Types of Clients

Price Hong Kong provides investment management services to the following types of clients:

- Banks and thrift institutions
- Corporations or other business entities
- Pension and profit sharing plans
- Registered Investment Companies
- Trusts, estates, and charitable organizations
- Collective Investment Funds

Minimum account sizes are disclosed for each strategy, as applicable, under *Fees and Compensation*.

Methods of Analysis, Investment Strategies, and Risk of Loss

Price Hong Kong and its affiliated advisers' Investment Strategies/Separate Account Services are identified and briefly described under *Fees and Compensation*. Price Hong Kong and its affiliated advisers use a complex and multi-faceted approach to investment analysis and asset management decisions. Additional information regarding the analytical process employed for any specific strategy is provided by Price Hong Kong upon request and generally discussed prior to inception of an account and on an ongoing basis thereafter. The investment objectives and guidelines for each account are discussed with the client prior to execution of an investment management agreement, and generally include a description of the objective, the strategy to be employed, permissible investments and restrictions as well as additional parameters regarding management of the account as agreed to by the parties.

Price Hong Kong and its affiliated advisers maintain a substantial internal equity and fixed income investment research effort undertaken by analysts, economists, statisticians, and support personnel. Our effort in this area includes industry and company research, employing reviews of corporate activities, management interviews, company-prepared information, financial information published by companies, some of which is filed with the SEC, and on-site visits with participants in the industry such as suppliers and competitors. In certain instances, computerized data may be a component of the stock selection process.

In addition, Price Hong Kong and its affiliated advisers use research provided by brokerage firms in a supportive capacity; for example we receive information from economists, political observers, foreign commentators, government experts, and market and security analysts. Our analysts use the majority of the external data they gather as inputs into their own company-specific research—typically to gain insight into the macroeconomic environment and/or broader sector or industry dynamics. All external research products are carefully analyzed and, where possible, verified before being incorporated into our investment process. Our analysts do not rely on external sources for their conclusions, recommendations or equity ratings.

Generally, Price Hong Kong and its affiliated advisers do not actively engage in short-selling strategies on behalf of advisory clients; however, one strategy (as described under *Performance-Based Fees and Side-by-Side Management*) uses short sales of equity securities. Price Hong Kong has employed certain measures to create separation between the activities in the portfolio in which short selling transactions are executed and the other portfolios it manages.

Price Hong Kong may utilize over the counter derivatives, such as credit default swaps to short corporate bond exposure and interest rate swaps, to manage duration or interest rate risk, consistent with client guidelines.

The equity accounts that use options generally engage in the following activities: (i) buying put options; (ii) writing put options; (3) buying call options; and (iv) writing covered call options. An account may engage in strategies that involve more than one of the above as part of a

particular strategy (e.g., writing calls and puts on the same stock at the same time); however, not all strategies that use options do all of the above.

Risk of Loss. Investment in securities (as well as commodities, derivatives, investment contracts, and bank loans) involves risk of loss of the principal of such investments. Multiple factors contribute to investment risk for all investment strategies and additional factors contribute to investment risk for specific strategies. Risks of investing include, but are not limited to, the following:

All Strategies (Equity and Fixed Income)

Investment style risk: Different investment styles tend to shift in and out of favor, depending on market conditions and investor sentiment. An account's growth approach to investing could cause it to underperform other stock accounts that employ a different investment style. For example, growth stocks tend to be more volatile than value stocks and their prices usually fluctuate more dramatically than the overall stock market. A stock with growth characteristics can have sharp price declines due to decreases in current or expected earnings and may lack dividends that can help cushion its share price in a declining market.

Active management risk: An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

Geographic concentration risk: If an account concentrates its investments in a particular geographic region, the account's performance is closely tied to the social, political, and economic conditions within that region. As a result, the account is likely to be more volatile than more geographically diverse international funds.

Issuer Concentration risk: If an account has the ability to invest a significant amount of the account's assets (e.g., more than 5%) in any one issuer or obligor, poor performance by a single large holding would adversely affect performance more than if the account were invested in a larger number of companies.

Liquidity risk: An account may not be able to sell a security timely or at desired prices based on current market conditions.

Risk of unregistered securities/private placements: Investments through private placements are not immediately tradable on an exchange or in the over-the-counter market and may be subject to restrictions on resale including significant holding periods. Private placements may serve as financing vehicles for public companies (Private Investment in Public Entities or PIPEs) or for privately held entities. Securities purchased through private placements may be less liquid than publicly traded securities and

investments in privately held entities are generally less liquid than PIPEs. Investors purchasing in private placements should be prepared to hold such investments for the long term.

Risk of cash reserves investing: It is possible to lose money by investing in a custodian's short term investment fund (**STIF**) or a money market mutual fund. An investment in STIFs or money market mutual funds is not insured or guaranteed by the United States Federal Deposit Insurance Corporation (**FDIC**) or any other government agency. Recently, certain STIFs and money market funds have experienced significant pressures from shareholder redemptions, issuer credit downgrades and illiquid markets. Therefore, it is possible that a money market fund may not be able to value its shares at \$1.00.

Index investing risk: If an account is passively managed and seeks to match the performance of its benchmark index, holdings are generally not reallocated based on changes in market conditions or outlook for a specific security, industry, or market sector. As a result, the account's performance may lag the performance of actively managed funds.

Asset allocation risk: An account's risks will directly correspond to the risks of the asset classes in which it invests. Investing in multiple asset classes (either directly or, indirectly, such as through pooled investment vehicles) can facilitate diversification but also create exposure to the risks of many different areas of the market. However, the direct or indirect allocation of the account's assets among various asset classes and market sectors could cause the account to underperform other accounts with a similar investment objective.

Accounts investing in the Price Funds: Risks associated with investment in any of the Price Funds are described in the prospectus for each fund (a copy of which is provided to each client prior to investment of an account's assets in the fund).

Equity Strategies

Risks of stock investing: Stocks generally fluctuate in value more than bonds and may decline significantly over short time periods. There is the chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The value of a stock in which accounts invest may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

Market capitalization risk: Investing primarily in issuers within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment.

Industry risk: An account that focuses its investments in specific industries or sectors is more susceptible to developments affecting those industries and sectors than a more broadly diversified fund would be.

Fixed Income Strategies

Credit risk: This is the risk that an issuer or other credit support provider of a debt security could suffer an adverse change in financial condition that results in a payment default, ratings downgrade, or inability to meet a financial obligation. The risk of default is much greater for emerging market bonds and securities rated as below investment-grade. An account investing in emerging markets and/or high yield debt is exposed to greater credit risk than other bond accounts because the companies and governments that issue such debt in emerging markets are usually not as strong financially and their debt carries a higher risk of default.

Prepayment risk and extension risk: Prepayment risk is the risk that the principal on mortgage-backed securities, other asset-backed securities or any fixed income security with an embedded call option may be prepaid at any time, which could reduce yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the account to shorten. Extension risk may result from a rise in interest rates, which tends to make mortgage-backed securities, asset backed securities, and other callable fixed income securities more volatile.

Deflation risk: When inflation or expectations of inflation are low, the value and income of an account's investments in inflation-linked securities could fall and result in losses for the fund.

International Strategies (and U.S. Strategies investing partially in Non-U.S. Dollar securities)

Foreign investing risk: Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities may be more volatile and less liquid than investments in U.S. securities and may lose value because of adverse political, social or economic developments overseas. In addition, foreign investments may be subject to regulatory and accounting standards that differ from those of the U.S. Further, in certain foreign countries, investments are only permitted indirectly through participatory notes which have certain restrictions on transferability and may be more illiquid than direct investments.

Currency risk: If an account invests in securities denominated in foreign currencies, the account is subject to the risk that it could experience losses based solely on changes in the exchange rates between foreign currencies and the U.S. dollar. Foreign currency exchange transactions are conducted either on a spot (*i.e.*, cash) basis at the spot rate

prevailing in the foreign currency exchange market, or through entering into forward contracts to purchase or sell the currency.

Emerging markets risk: The risks of foreign investing are heightened for securities of companies in emerging market countries. Emerging market countries tend to have economic structures that are less diverse and mature, and political systems that are less stable, than those of developed countries. In addition to all of the risks of investing in foreign developed markets, emerging market securities are susceptible to illiquid trading markets, governmental interference, and restrictions on gaining access to sales proceeds.

Strategies Utilizing Derivatives

Derivatives risk: To the extent that an account uses options, futures, swaps, and other derivatives, it is exposed to additional volatility and potential losses resulting from leverage. Losses may exceed the account's initial investment in the derivatives contract. The use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value. Other risks include, but are not limited to, the other party to a derivatives contract defaulting on its obligation or refusing to cash out a derivatives contract at a reasonable price. To the extent a party to a derivatives contract has posted collateral to secure its obligations, such collateral may be insufficient to cover its obligations and there could be difficulties or delays in accessing such collateral.

Bank Debt Strategies

Strategies investing in bank debt are subject to certain risks in addition to those present in high yield portfolios. Clients are bound by contractual obligations established under the bank debt's loan documentation and the transfer agreements executed when purchasing and selling bank debt. Bank debt investments are often subject to certain resale restrictions. Purchases and sale transactions for this asset class involve heightened risk of extended and delayed settlement times which can result in increased counterparty and liquidity risk. Investing in bank debt is a lending activity that can produce unique tax risks. Bank debt is not registered or regulated under federal securities laws.

Disciplinary Information

Neither Price Hong Kong nor its management persons have been the subject of legal or regulatory findings, or are the subject of any pending criminal proceedings that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our firm. (Additional information regarding any pending litigation as provided in Part 1A of Form ADV is available to clients upon request.)

Other Financial Industry Activities and Affiliations

Investment Advisers. Price Hong Kong may delegate its portfolio management to one or more of its advisory affiliates for certain investment strategies. For certain transactions, Price Hong Kong may utilize the service of an affiliated adviser for trading and other services. Such affiliated advisers are as follows:

Price International Ltd is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of Price Associates. Price International Ltd is also registered with the U.K. Financial Services Authority (FSA), various European Union financial services regulators, the Japan Financial Services Authority, and the Kanto Local Finance Bureau, among others. Price International Ltd provides investment management services to institutional investors and commingled products and may delegate investment management to one of its affiliated advisers when appropriate. Price International Ltd also provides investment management services to Japanese investment trusts and other Japanese institutional investors.

Price Associates, a Maryland corporation founded in 1937, is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of Price Group. Price Associates provides investment management services for retail and institutional investors and sponsors investment companies and may delegate investment management to one of its affiliated advisers when appropriate.

Price Singapore is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of Price International Ltd. Price Singapore is a Singapore limited private company licensed by the Monetary Authority of Singapore (MAS). Price Singapore provides investment management services for clients seeking to invest in global securities markets. It may act as subadviser to certain investment companies for which Price Associates serves as adviser and other commingled products for which Price International Ltd serves as adviser.

Other investment advisers affiliated with Price Hong Kong include:

Price Canada is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of Price Associates. Price Canada is also registered with the Ontario, Manitoba, British Columbia, Alberta, Nova Scotia, and New Brunswick Securities Commissions, the Saskatchewan Financial Services Commission, and the Autorité des Marchés Financiers in Quebec. Price Canada provides advisory services to institutional clients residing in Canada and delegates investment management services to Price Associates, Price International Ltd, Price Hong Kong, or Price Singapore.

T. Rowe Price Advisory Services, Inc. (**Advisory Services**) is an investment adviser registered under the Investment Advisers Act of 1940 and a wholly owned subsidiary of Price Group. Advisory Services delivers services to clients through the use of proprietary computer analysis, with support from advisory representatives.

Price Hong Kong's advisory affiliates may delegate investment management services to Price Hong Kong pursuant to client agreements. There are no other fees charged regarding delegation of investment management services in addition to fees charged for the applicable mandate as agreed to by the parties.

Certain clients of Price Hong Kong may also be clients of other advisory affiliates.

Price International Ltd owns 26% of UTI Asset Management Company Limited (**UTI AMC**) and 26% of UTI Trustee Company Private Limited (**UTI Trustee**). UTI AMC is an Indian asset management firm managing a variety of Indian domiciled fixed-income and equity mutual funds, and UTI Trustee serves as trustee for these mutual funds.

Investment Companies. Price Hong Kong serves as investment subadviser for the T. Rowe Price International Discovery Fund and T. Rowe Price New Asia Fund, both of which are investment companies registered with the SEC and for which Price Associates sponsors and serves as investment adviser. Price Hong Kong may include one or more of the Price Funds in client portfolios, as authorized in client guidelines. Except as noted below, Price Hong Kong and its affiliates receive advisory and other fees and expenses from each Price Fund based upon the value of the Price Fund's assets. As noted under *Fees and Compensation: Non-Advisory Fees and Expenses*, Price Hong Kong generally excludes the value of Price Fund shares held in a client account when the advisory fee is computed.

Price Hong Kong generally has the ability to vary the exposure to one or more Price Funds in clients' separate accounts pursuant to clients' stated investment guidelines. However, clients specifically approve each Price Fund to be utilized up to a stated maximum percentage of the account's market value. The Price Fund prospectus, a copy of which is provided to each client prior to investing in the Price Fund, outlines all fees and expenses paid by shareholders of a Price Fund.

Broker/Dealer. T. Rowe Price Investment Services, Inc. (**Investment Services**), a Maryland corporation, is a wholly owned subsidiary of Price Associates, organized in 1980 for the specific purpose of acting as principal underwriter and distributor for the registered investment companies that Price Associates sponsors and Price Associates and its affiliated advisers serve as investment adviser or investment subadviser for the T. Rowe Price Mutual Funds.

Investment Services is registered as a broker/dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (**FINRA**). Investment Services does not effect securities transactions for clients of Price Hong Kong.

Trust Company. T. Rowe Price Trust Company (**Trust Company**), a wholly owned subsidiary of Price Associates, is a Maryland-chartered limited-purpose trust company. Under its charter, it is not permitted to accept deposits or make commercial loans. The Trust Company sponsors common trust funds for investment in securities of international issuers. Price Hong Kong may serve as investment adviser or investment subadviser to the Trust Company with respect to certain common trust funds and typically would receive a fee from the Trust Company for its services. Participation in the common trust funds is limited to U.S. qualified retirement plans, certain U.S. governmental retirement plans, and certain U.S. church plans.

Other. TRPH Corporation, an affiliate of Price Hong Kong, is a 9.9% non-controlling shareholder of Altius Associates Limited (**Altius**), registered with the U.S. Securities and Exchange Commission and the U.K. Financial Services Authority. A senior officer at Price International Ltd is a non-executive member of the Board of Directors of Altius. Altius provides private equity advisory services to institutional investors. It is conceivable that clients of Price Hong Kong or its affiliated advisers may also be clients of Altius. Moreover, it is conceivable that Price Hong Kong or its affiliated advisers could invest in the same or similar securities as Altius, and that the interests of Price Hong Kong or its affiliated advisers may potentially conflict with those of Altius.

T. Rowe Price Recovery Fund II Associates, L.L.C. is a limited liability company (with Price Associates and the Trust Company as its members), which was organized in 1996 to serve as general partner of T. Rowe Price Recovery Fund II, L.P. (the **Recovery Fund**), a Delaware limited partnership that invests in financially troubled companies. Recovery Fund is currently in liquidation (with less than \$100, 000 in assets) and the general partner is no longer being paid its management fee.

T. Rowe Price Term Asset-Backed Opportunity Fund, L.L.C. (the **TALF Fund**) is a Delaware limited liability company (with Price Associates as its Manager) organized in 2009 for the purpose of participating in the Term Asset-Backed Securities Loan Facility (**TALF**). TALF was created by the United States Department of the Treasury and the Federal Reserve Board to stimulate the economy by providing financing to investors to support purchases of certain AAA-rated asset-backed securities and commercial mortgage-backed securities. The TALF Fund is exempt from registration under the Securities Act of 1933 in reliance on Section 3(c)(7) of the Investment Company Act of 1940 (**'40 Act**). All investors in the TALF Fund are T. Rowe Price Mutual Funds or '40 Act funds subadvised by Price Associates or its affiliated advisers. Price Associates does not receive a separate management fee from the TALF Fund investors in its role as Manager of the TALF Fund.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Price Group maintains a Code of Ethics and Conduct (**Code**) applicable to all T. Rowe Price affiliates. The Code complies with Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the Investment Company Act of 1940. A copy of the Code is available to any client or prospective client upon request.

The Code outlines appropriate standards of conduct for employees and certain other individuals associated with Price Group. The Legal Department provides the Code to all employees via the T. Rowe Price Intranet site and requires all employees to complete an annual verification that certifies their understanding of, and adherence to, the Code. Price Group has a policy that all employees must participate annually in continuing education training relating to the Code. The Legal Department provides notices of all material amendments to the Code to employees.

The Code addresses many areas of conduct, such as Price Group's policy regarding personal securities transactions, the acceptance and provision of gifts and entertainment, material non-public information, confidentiality, privacy, and the reporting of Code violations.

The Code contains a detailed description of the firm's requirements and its monitoring of personal securities transactions, including pre-clearance and reporting requirements applicable to securities transactions based on a person's classification as investment personnel, access person (as defined by the SEC), or non-access person; and filing by access persons of an annual personal securities report, certifying personal securities holdings and securities accounts.

The Code requires access persons to obtain prior clearance before engaging in most personal securities transactions. Requests for prior clearance are submitted to the firm's pre-trade approval system. Certain securities are exempt from prior clearance, such as open-end mutual funds and variable annuities, U.S. government securities, systematic investment plans, and employee spouse stock option exercises.

The Code includes provisions that require prior clearance of certain securities transactions, including initial public offerings (**IPOs**) and private placements, and initial and continuous reporting of securities holdings by investment personnel and other access persons. Price Hong Kong has adopted procedures necessary to prevent its investment personnel and other access persons from violating the Code.

Price Group and its subsidiaries have adopted a "Statement of Policy Regarding Political Contributions" to comply with the SEC Rule 206(4)-5 of the Advisers Act (**Pay to Play Rule**). The Pay to Play Rule addresses practices under which direct or indirect contributions by investment advisers, and certain of their executives or employees, to state and local government officials in the United States may be perceived to improperly influence the award of government investment business. Generally, the Pay to Play Rule prohibits an investment adviser from

providing advisory services for compensation to a government entity client for two years after the adviser or certain of its executives or employees make a contribution over a *de minimis* amount to certain elected officials or candidates. Since U.S. government entities may be clients of Price Associates or invest in the T. Rowe Price Mutual Funds, all T. Rowe Price employees globally are required to prior clear proposed contributions to any candidate, officeholder, political party, Political Action Committee (**PAC**) or political organization in the United States. Prior clearance requests will be handled centrally by the firm's Legal Department.

Information regarding investment of client assets in the Price Funds is provided above under *Fees and Compensation*, and *Other Financial Industry Activities and Affiliations*. Shares of the T. Rowe Price Mutual Funds are owned directly by Price Group and its affiliates and subsidiaries. The T. Rowe Price Mutual Funds also serve as the primary investment vehicles for retirement plans established for the benefit of the firm's employees. Price International Ltd may invest corporate money to seed newly formed Non-U.S. collective investment funds.

From time to time, Price Hong Kong may invest client assets in the securities of companies that have appointed Price Hong Kong or an affiliate to serve as investment adviser, subadviser, trustee, or recordkeeper. While such investment presents a potential conflict of interest, Price Hong Kong is subject to a fiduciary obligation and must invest a client's assets solely in the client's best interests.

Price Hong Kong does not generally purchase shares of its publicly traded parent company, Price Group, for its clients. However, on occasion, certain clients may instruct Price Hong Kong to hold this security in their account. In such cases, clients are advised that Price Hong Kong will provide no advice regarding the security and will not sell it unless instructed to do so by the client. Shares of Price Group are excluded from the client's account for billing purposes.

Brokerage Practices

Equity Securities. In purchasing and selling equity securities for its clients, Price Hong Kong seeks to obtain best execution at favorable prices through responsible broker-dealers, and in the case of agency transactions, at competitive commission rates. However, Price Hong Kong may pay higher brokerage commissions to broker-dealers providing brokerage and research services to Price Hong Kong than might be paid to other broker-dealers described below.

In general, we utilize a broad spectrum of execution venues. These include traditional stock exchanges, electronic communication networks, alternative trading systems, algorithmic solutions, crossing networks, and other alternative pools of liquidity. In selecting from among these options, Price Hong Kong generally seeks to select the broker-dealers or system it believes to be actively and effectively trading the security being purchased or sold.

Besides prices and commissions, Price Hong Kong considers other factors, including the size and difficulty of the order, the reliability, integrity, general execution, and operational capabilities of competing broker-dealers; their expertise in particular markets; and brokerage and research services provided by them. It is not Price Hong Kong's policy to seek the lowest available commission when we believe that a broker-dealer charging a higher commission rate would offer greater reliability, better price, or more efficient execution.

Fixed Income Securities. Price Hong Kong generally purchases fixed income securities from the issuer or a primary market-maker acting as principal for the securities on a net basis, with no commission paid by the client, although the price usually includes undisclosed compensation to the market-maker. Transactions through broker-dealers serving as primary market-makers reflect the spread between the bid and asked prices. We may also purchase securities available from underwriters at prices that include underwriting fees.

Equity and Fixed Income Securities. Price Hong Kong may effect equity and fixed income transactions on behalf of clients with a broker-dealer that furnishes brokerage and/or research services, may designate a broker-dealer to receive selling concessions, discounts, or other allowances, and may otherwise deal with it in the acquisition of securities in underwritings. Additional information regarding Price Hong Kong's soft dollar practices is provided below in this section.

Foreign Currency Transactions. Price Hong Kong may employ foreign currency transactions (FX) to facilitate trading in or settlement of trades in foreign securities. Price Hong Kong may also elect to use FX, including forward currency contracts, when seeking to: manage exposure to changes in interest rates; protect the value of portfolio securities; or to facilitate cash management. It is the policy of Price Hong Kong to seek out and trade with those brokers whom we believe will provide best execution on behalf of all of our clients, usually via electronic platforms. In situations where a client limits Price Hong Kong to trading FX with certain counterparties or requires Price Hong Kong to trade solely with the client's custodian bank, this may impact our ability to obtain best execution for the client. Also, restricting the counterparties

with whom Price Hong Kong can trade may present credit risks to the client, particularly for FX and other over-the-counter transactions that result in direct exposure to the credit of the counterparty.

Price Hong Kong will ensure it has obtained the appropriate local trading licenses and registrations, FX or otherwise, prior to effecting any of the various types of securities transactions for its clients.

In an effort to obtain quality execution, we may place orders through an affiliate's trading desk as appropriate.

Evaluations of Brokerage Commissions. Price Hong Kong continually seeks to determine what levels of commission rates are reasonable in the marketplace for transactions executed on behalf of clients. In evaluating the reasonableness of commission rates, Price Hong Kong considers factors such as:

- rates quoted by broker-dealers;
- the size of a particular transaction regarding the number of shares, dollar amount, and number of clients involved;
- the complexity of a particular transaction in terms of both execution and settlement;
- the level and type of business conducted with a particular firm over a certain period;
- the extent to which the broker-dealer has capital at risk in the transaction;
- historical commission rates; and
- rates other institutional investors are paying based on available public information.

Research and “Soft Dollar” Benefits. Broker-dealers provide a wide range of research services to Price Hong Kong and its affiliated advisers.

While Price Hong Kong may have an incentive to select brokers based upon its interest in receiving research, Price Hong Kong seeks best execution on all trades consistent with fiduciary and regulatory requirements. Price Hong Kong and its affiliated advisers have adopted a brokerage allocation policy embodying the concepts of Section 28(e) under the Securities Exchange Act of 1934 (**Section 28(e)**). Section 28(e) permits an investment adviser to cause an account to pay a higher commission to a broker that provides research services than the commission another broker would charge, provided the adviser determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. An adviser may make such a determination based upon either the particular transaction involved or the overall responsibilities of the adviser with respect to the accounts over which it exercises investment discretion. Therefore, research may not necessarily benefit

all accounts paying commissions to such broker-dealers. Broker-dealers may provide proprietary research to Price Hong Kong and its affiliated advisers in connection with brokerage relationships, including fixed income offerings. To the extent complimentary fixed income research is provided by broker-dealers, such research is provided on an incidental and unsolicited basis.

Certain full service broker-dealers (brokers who provide brokerage and execution services) also furnish proprietary research services to Price Hong Kong and its affiliated advisers. Proprietary research may include research from an affiliate of the broker-dealer and services that provide access to unaffiliated industry experts. Price Hong Kong may use full service brokers either directly or through very limited use of “step-outs” or similar transactions with other brokers.

In addition, Price Hong Kong and its affiliated advisers use equity brokerage commissions to acquire research and related services from third party vendors and broker-dealers through commission-sharing arrangements (CSAs). Price Hong Kong maintains CSAs with a limited number of broker-dealers used for a percentage of “low touch” commission business. We generally effect low touch trading through broker-dealers’ electronic venues. We confine the use of CSA credits to obtain only research designed to assist in the investment decision-making process. Our current practice is to not acquire market data services, index data, software and other items with commission dollars, although some of those items are permitted under the SEC’s guidance. Not all clients participate in the CSA program but the research received through such program is intended to assist Price Hong Kong with its investment decision making responsibilities regarding its clients overall.

Proprietary and independent third-party research is an important component of Price Hong Kong’s and its affiliated advisers’ investment approach. However, Price Hong Kong relies primarily upon its own research efforts and subjects any outside research services to internal analysis before incorporating such outside research into its investment process. As a practical matter, it would not be possible for Price Hong Kong and its affiliated advisers to generate all the information and varied opinions provided by broker-dealers. Price Hong Kong and its affiliated advisers pay cash for certain research services. To the extent that broker-dealers provide research services of value, Price Hong Kong and its affiliated advisers are relieved of expenses which they might otherwise bear.

Price Hong Kong uses soft dollar research to assist in its investment decision-making process consistent with regulatory requirements, and these benefits are not allocated solely to accounts based on their commission business.

Broker-dealers provided the following types of research to Price Hong Kong during the past year: information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. The research incorporated both domestic and international perspectives. These services may also include access to individuals unaffiliated with Price Hong Kong with expertise in various industries, businesses, or other related areas. Research services are received

primarily in the form of written reports, computer generated data, telephone contacts, and personal meetings with security analysts, corporate and industry executives, and other persons. Some research may be incorporated into firm-wide systems or communications. Therefore, Price Hong Kong may have access to the research obtained through commissions generated by other advisory affiliates.

At the present time, Price Hong Kong and its affiliated advisers do not recapture commissions, underwriting discounts, or selling-group concessions in connection with fixed income securities acquired in underwritten offerings. Price Hong Kong and its affiliated advisers may, however, have the opportunity to designate a portion of the underwriting spread to broker-dealers that participate in the offering.

Allocation of Brokerage Business. Price Hong Kong has a policy of not pre-committing a specific amount of business to any broker-dealer over any specific period. Price Hong Kong has made brokerage placement determinations, as appropriate, based on the needs of a specific transaction such as market-making, availability of a buyer for or seller of a particular security, or specialized execution skills. Price Hong Kong may choose to allocate brokerage among several broker-dealers able to meet the needs of the transaction.

Each quarter, Price Hong Kong assesses the contributions of the brokerage and research services provided by broker-dealers and then ranks major broker-dealers. Portfolio managers, research analysts, and the Trading Department each evaluate the brokerage, execution, and research services received from broker-dealers and make judgments about their quality. In addition, smaller specialty broker-dealers sometimes suggest a level of business they would like to receive in consideration for the services they provide, and they may be targeted to receive a given dollar amount of business subject to Price Hong Kong's fiduciary duties. Price Hong Kong may give business to any firm that does not directly reflect the firm's ranking in the voting process; commission business may be less than the suggested allocations or target but can, and often does, exceed the suggestions. Price Hong Kong's Equity Brokerage and Trading Control Committee periodically monitors allocations of brokerage business. In no instance does Price Hong Kong exclude a broker-dealer from receiving business because the broker-dealer does not provide research services. Price Hong Kong uses discount or execution-only brokers (including alternative trading systems) where deemed appropriate.

Broker Recommendations. Price Hong Kong does not recommend, request or require clients to direct Price Hong Kong to execute transactions through any specified broker-dealer.

Client Directed Brokerage. Certain clients (generally institutional) request that Price Hong Kong endeavor to utilize designated brokers (*i.e.*, commission recapture brokers or minority/women/locally owned brokers) for a portion of their account's transactions subject to best execution. Price Hong Kong confirms with clients that they generally do not want such designated brokers utilized if the price or execution obtained from such brokers could be different from what would otherwise be obtained for Price Hong Kong's other clients. Price Hong Kong cannot generally use the designated brokers unless it is using such brokers in the ordinary course of business for its aggregated orders, or unless we can arrange to utilize "step

outs” to the designated brokers from aggregated orders. Price Hong Kong will endeavor to use the designated brokers when trading for clients’ incremental cash flow, subject to best execution obligations as these trades would often not be part of larger aggregated trade flows.

Limitations

Price Hong Kong’s policy is to only accept a client’s reasonable directed brokerage instructions for up to 10% of the client’s eligible commissions on an annual basis. The eligible pool of commissions includes all explicit commissions for agency trades executed on recognized exchanges. Trades executed on execution-only trading venues (*i.e.*, Electronic Communication Networks (ECNs)) are not eligible for direction and currently, such low touch trading constitutes a significant portion of our trading activity. An additional 10% maximum target applies to directed brokerage requests from certain clients (particularly government and public fund clients) regarding the use of minority, women, disabled veteran and local brokers.

While these levels would not constitute a contractual commitment, Price Hong Kong and its affiliated advisers would undertake to meet the target(s) on a best efforts basis consistent with fiduciary obligations.

For international or global mandates, it is generally difficult for us to meet client requests due to the limited number of brokers currently participating in directed brokerage for non-U.S. trades. The practice of “stepping out” trades is becoming less common due to declining broker participation. In addition, advisers continue to have concerns regarding the potential for information leakage resulting from this practice.

There is no guarantee Price Hong Kong can meet any target, particularly for mandates requiring significant exposure to international markets.

In addition, due to the nature of the fixed income markets, we generally cannot accommodate client directed brokerage preferences. We will endeavor to engage such firms when able to approve a client directed counterparty and only when that dealer has sufficient inventory in the security being traded to accommodate our block trading, subject to best execution obligations.

As noted above, Price Hong Kong reserves the right to limit the extent to which clients may designate brokers for the execution of their transactions. In addition, Price Hong Kong reserves the right to wholly decline such designation where it reasonably believes such trading direction could interfere with its fiduciary duty to seek best execution.

Block Trading/Aggregated Orders. Since certain clients have similar investment objectives and programs, Price Hong Kong may make recommendations that result in the simultaneous purchase or sale of securities. As a result, the demand for, or supply of, securities may increase or decrease, which could have an adverse effect on prices. Price Hong Kong’s policy is not to favor one client over another in making recommendations or in placing orders and orders may be

grouped for various clients. Clients should be aware that the grouping of orders could at times result in more or less favorable prices. In certain cases, where the aggregate order is executed in a series of transactions at various prices on a given day, each participating client's proportionate share of grouped orders reflects the average price paid or received. Price Hong Kong may include orders on behalf of Price Funds, affiliated common trust funds, and other T. Rowe Price-advised clients and products.

Price Hong Kong has developed written trade allocation guidelines for its trading desks. Generally, when the amount of securities available in a public offering or the secondary markets is insufficient to satisfy the volume or price requirements for participating clients, Price Hong Kong will make pro rata allocations based upon the relative sizes of the participating client portfolios or the relative sizes of the participating client orders depending upon the market involved. Each client will receive the same net unit price of the securities for each aggregated order. Because a pro rata allocation may not always accommodate all facts and circumstances, the guidelines provide for adjustments to allocation amounts in certain cases. For example, adjustments may be made: (i) to eliminate de minimis positions; (ii) to give priority to accounts with specialized investment policies and objectives; and (iii) to allocate in light of a participating portfolio's characteristics, such as available cash, industry or issuer concentration, duration, and credit exposure. Also, with private placement transactions, conditions imposed by the issuer or client may limit availability of allocations to client accounts.

Price Hong Kong employs certain guidelines in an effort to ensure equitable distribution of investment opportunities among clients of the firm, which may occasionally serve to limit the participation of certain clients in a particular security, based on factors such as client mandate or investment strategy or focus. For example, accounts that maintain a broad investment mandate may have less access than targeted investment mandates to certain securities (*e.g.*, sector specific securities) where Price Hong Kong does not receive a fully filled order (*e.g.*, certain IPO transactions) or where aggregate ownership of such securities is approaching firm limits.

Due to the unique nature of the Distribution Management Services (**DMS**) strategy, allocation of trades to these accounts is not consistently applied on a pro rata basis. DMS accounts are traded at the portfolio manager's discretion subject to client negotiated guidelines including maximum holding periods. The factors that impact trading and subsequent trade allocation decisions include, but are not limited to: the number of shares distributed to and held for the clients' accounts, the shares previously sold for the clients' accounts, the inventory of shares anticipated to be available for sale in the market, the average daily liquidity of the security, the lot size necessary to facilitate orderly trading, and the maximum holding periods specified in the clients' guidelines. Price Associates may also liquidate securities for DMS clients on a non-pro rata basis to minimize transactional and recordkeeping costs based upon the portfolio manager's opinion that such positions are de minimis relative to the shares or number of securities anticipated to be sold for other client accounts.

Services For Other Clients. Price Hong Kong and its affiliated advisers may give advice and take action for clients, including investment companies, which differ from advice given or the timing or nature of action taken for other clients. Price Hong Kong and its affiliated advisers are not obligated to initiate transactions for clients in any security which its principals, affiliates or employees may purchase or sell for their own accounts or for other clients.

Purchase and sale transactions may be effected directly among and between client accounts which permit crossing (including T. Rowe Price Mutual Funds), provided no commission is paid to any broker-dealer, the security traded has readily available market quotations, and the transaction is effected at the independent current market price. Cross trades are consistent with the requirements of Rule 17a-7 of the Investment Company Act of 1940. A cross trade may be routed through a broker to facilitate processing and a customary transfer fee may be incurred. These transactions are reviewed by the appropriate Brokerage and Trading Control Committee, which is responsible for the oversight of Price Hong Kong's and its affiliated advisers' trading policies and procedures.

Price Hong Kong and its affiliated advisers have Brokerage and Trading Control Committees which are responsible for developing brokerage policy, monitoring its implementation and resolving questions which arise in that connection.

Review of Accounts

Price Hong Kong and its affiliated advisers may manage multiple accounts for different clients in a single strategy. While each account generally follows a similar investment program, different accounts have their own unique guidelines and cash flows. To enhance the focus on investment decision-making responsibilities, a portfolio manager may concentrate on a representative portfolio within the strategy and may use the services of a dedicated portfolio modeling group to determine adjustments for similarly managed accounts.

The portfolio modeling group monitors individual positions, asset allocation, and cash flows daily for equity accounts within the same strategy, and may make investments consistent with the portfolio manager's investment strategy. The team frequently consults with the portfolio manager, and its activities are subject to the portfolio manager's discretion and monitoring.

Portfolio managers have the primary responsibility for reviewing client accounts. Working within the firm's investment philosophy and internal investment policy guidelines, the portfolio manager structures portfolios consistent with the objectives of each client.

The number of accounts assigned to each portfolio manager varies considerably as a result of differing client characteristics and requirements.

In constructing a client's portfolio, we considers each client's objectives, our perception of the overall balance of risk and return potentials, and the relative prospects for individual investment alternatives within our universe. We also discuss with each client the portfolio characteristics and requirements including diversification ranges, performance standards and expectations, risk tolerances, and any investment restrictions or constraints imposed by the client. Within this framework, the portfolio manager evaluates the appropriateness of particular securities and industries, and the overall mix of equities, fixed income securities, and reserves in an effort to meet the client's goals.

The portfolio managers communicate frequently to establish Price Hong Kong's investment policy regarding the portfolio distributions in the various international stock markets and in the various types of investments. The portfolio managers review the securities in each client's portfolio and make changes as circumstances indicate. Circumstances prompting modifications in the portfolio would include: changes in Price Hong Kong's investment policy, changes in the client's objectives, significant price movements of portfolio securities or the portfolio as a whole, changes in the prospects of a particular portfolio security, the need to invest incoming cash, or the need to raise cash from the portfolio.

Formal quarterly conference calls are attended by portfolio managers at which global economic assumptions and key market factors are reviewed, so that a consistent background is applied to individual stock selection ideas. Inputs to the conference calls include key economic variables driving world markets including interest rate trends, earnings momentum, historic valuations, market supply and demand, monetary cycle and politics. Weekly conference calls, attended by

portfolio managers, include a review of a sample of client portfolios representing different investment mandates.

Given the dynamic nature of financial markets and the consistent flow of available information, Price Hong Kong's account review process is continuous. Our portfolio managers and research personnel analyze economic forecasts, sector and industry strategies, and evaluate the relative attractiveness of individual securities. Revised portfolio manager recommendations or changes in a client's circumstances or investment objectives are among the factors that can trigger a portfolio review and possibly result in alterations to investment strategy. Steering Committees, made up of senior investment personnel, also monitor performance and style consistency.

Price Hong Kong produces a variety of client reports and communicates with clients via phone calls, emails, regular client meetings, and other means. The frequency and type of reporting depends on the individual client's needs and requirements. At a minimum, the following types of materials are typically provided: account balance and activity (monthly); portfolio valuation and performance analysis (quarterly or monthly); and views on global securities markets and economies (quarterly or monthly).

Client Referrals and Other Compensation

From time to time, Price Hong Kong's advisory affiliates may enter into written referral agreements that involve the payment of a fee for introductions to prospective clients that lead to formal investment management mandates. Price Hong Kong advisory affiliates will disclose the terms of the arrangement, including the fee structure, to all such clients, in accordance with applicable law. Price Hong Kong or its advisory affiliates may have other business relationships with entities with which the advisory affiliates have referral fee arrangements.

Some of Price Hong Kong's clients use consultants to evaluate and recommend investment advisers and their services, including Price Hong Kong and its related entities. (Price Hong Kong is not affiliated with any consultant.) These consultant firms represent multiple clients and prospects and, therefore, have frequent interactions with Price Hong Kong and related entities. In addition, Price Hong Kong and its related groups may engage and pay fees to consultants to attend consultant-sponsored conferences or purchase analytical services and other research offered by them. On limited occasions, Price Hong Kong and its affiliated advisers may pay fees to consultants for services designed to help us evaluate other investment managers. Price Hong Kong has adopted policies and procedures to ensure that consultant payments are based solely on the value of the services provided, that such services serve a legitimate business purpose, and that payments for services are not intended to influence the consultant firms in their duty to evaluate and recommend investment managers, including any T. Rowe Price entity. Price Hong Kong and related persons may pay nominal fees to be listed in consultant registries.

Any third party solicitation arrangements regarding Price Hong Kong's services will comply with all regulatory requirements.

Price Hong Kong or an affiliate may on a limited basis, provide general introductions of its prospects and clients (collectively, **Clients**) to UTI AMC in connection with UTI AMC potentially providing various investment management services to such Clients on a non-exclusive basis. The parties may agree separately, and on a case-by-case basis, to any servicing arrangement among UTI AMC, Price Hong Kong, and a Client. UTI AMC is not authorized to act as a representative of Price Hong Kong or its affiliates.

Custody

Price Hong Kong does not maintain custody of its clients' assets which are held by independent third party custodians.

Price Hong Kong urges all of its clients to reconcile account statements from their qualified custodians (banks, broker-dealers, and the Price Funds, as applicable) with account statements received from Price Hong Kong and to contact us with any questions or concerns.

Investment Discretion

As noted above and further described under *Advisory Business*, Price Hong Kong generally manages accounts on a discretionary basis subject to any client-imposed and internal restrictions.

All clients enter into a written investment management agreement with Price Hong Kong prior to receiving investment management services. These agreements give us authority to manage the client's account and place trades (and where appropriate, to use the trading desk and other services of affiliated advisers), subject to the investment objectives and guidelines for the account.

Voting Client Securities

Clients generally authorize Price Hong Kong to vote proxies for their accounts. Price Hong Kong has adopted a proxy voting policy and procedure (**T. Rowe Price Proxy Voting Policies and Procedures**), including specific proxy voting guidelines that set forth the general principles we use to determine how to vote in client accounts for which we have proxy voting responsibility. The voting guidelines are established each year by the T. Rowe Price Proxy Committee, which relies upon our own fundamental research, independent research provided by outside proxy advisors Institutional Shareholder Services (**ISS**) and Glass, Lewis & Co., LLC (**Glass Lewis**), and information presented by company management and shareholder groups. If clients authorize us to vote proxies for their accounts, they receive a copy of the T. Rowe Price Proxy Voting Policies and Procedures before the execution of the advisory agreement (and annually thereafter).

We make proxy voting decisions in view of the anticipated impact of a given issue on the security and the overall economic benefit to the client. Our intent has always been to vote proxies in a manner consistent with our fiduciary obligations and responsibilities in the interests of our clients. Practicalities and costs involved with international investing may make it impossible at times, and at other times disadvantageous, to vote proxies in every instance.

The firm's Proxy Committee is responsible for monitoring and resolving possible material conflicts between the interests of Price Hong Kong and those of its clients with respect to proxy voting. We have adopted safeguards to ensure that our proxy voting is not influenced by interests other than those of our clients. While membership on the Proxy Committee is diverse, it does not include individuals whose primary duties relate to client relationship management, marketing, or sales. Since our voting guidelines are predetermined by the Proxy Committee, they should in most instances adequately address any possible conflicts of interest. However, the Proxy Committee reviews all votes that are inconsistent with the guidelines to determine whether the portfolio manager's voting rationale appears reasonable. The Proxy Committee also assesses whether any relationships between T. Rowe Price and a portfolio company could have influenced an inconsistent vote on that company's proxy. Issues raising possible conflicts of interest are referred to designated members of the Proxy Committee for immediate resolution prior to the time Price Hong Kong casts its vote. With respect to personal conflicts of interest, the firm's Code of Ethics and Conduct requires all employees to avoid placing themselves in a "compromising position" in which their interests may conflict with those of our clients and restrict their ability to engage in certain outside business activities. Portfolio managers or Proxy Committee members with a personal conflict of interest regarding a proxy vote must recuse themselves and not participate in the voting.

Price Hong Kong provides proxy voting reports to clients regarding how Price Hong Kong or its affiliated advisers voted proxies with respect to securities held in the client's account. Such reports are provided upon request and generally on an annual basis.

Clients may occasionally direct Price Hong Kong how to vote on a particular issue, provided the client gives direction in a timely manner to enable us to instruct our proxy voting administrator.

Certain clients reserve proxy voting authority and restrict Price Hong Kong from voting proxies. In those situations, clients should instruct the custodian to forward all proxy voting materials promptly to the client (or designated proxy voting service). When clients restrict Price Hong Kong from voting proxies, we would not generally expect to provide consultation services but would provide information from time to time about how we would vote an issue in question.

Financial Information

Price Hong Kong generally bills clients quarterly in arrears. Price Hong Kong does not require or solicit pre-payment of fees more than six months in advance.

Price Hong Kong is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. A copy of the current annual consolidated audited financial statements of Price Group and its subsidiaries (including Price Hong Kong) is available upon request.

Price Hong Kong is registered as an investment adviser with the SEC. (However, such registration does not imply a certain level of skill or training.) Price Hong Kong is not registered with any state securities authorities.