

**For investment professionals only. Not for further distribution European Smaller Companies – Finding Durable Growth** Ben Griffiths Portfolio Manager, European Smaller Companies Equity Strategy, T. Rowe Price **What are the key differentiators of your investment approach?** I believe there are the two really important reasons why we have a different approach to some people, some other people out there. The first of those is that we are looking for mega-compounders. Me and my entire team are really focused on looking for mega-compounding stocks. And by this we mean companies that go up five times, 10 times, maybe even more over a long period of time. Why do we want to find these ideas? It's really simple. They compound very fast and we've realised that these stocks generate a huge amount of the performance of the overall market over time. So we want to make sure that we catch as many of these as we can in our portfolio. The second reason why I believe we're different is that we have a different time horizon to most people. We're trying to find these ideas very early in their lifecycle, as early as possible. And then importantly we want to hold them for as long as we possibly can, potentially even for ever. I think this combination of trying to find mega compounding stocks and hold them for as long as possible really is the best way to create excellent performance for our clients. **What types of characteristics are you looking for in stocks?** When we are looking at new companies to put in to the portfolio, the first thing we're looking for is to try and identify what we call high quality durable growth businesses. So these are companies where there's definitely going to be a competitive advantage to be found and one that will be durable over the long term. Innovation is definitely something that's high on the list of aspects that we look for in a new investment, and I would just stress the importance of management in our decision-making process. We've realised over the years that for companies to grow hugely, it really takes a very special management team. So we spend a huge amount of our time actually assessing these management teams and working out whether they can grow a business from a relatively small size to hopefully a much, much larger size over time. So these are the types of characteristics we really focus on during our research process. **Why should investors consider this strategy?** Clients should consider investing in this strategy because it gives them exposure to what I think is a very attractive asset class. There's a lot of great companies in the European smaller company space. And what we've found is that there's actually a huge amount of innovation to be found in Europe, particularly at the smaller company level. And by investing in this strategy you gain exposure to those companies and that innovation. And innovation over the long term really drives performance of companies. The second reason that I would say for investing in this strategy is that we have a fantastic team behind us. So we have a large and also very experienced team dedicated to looking at this space, as well as the support of the wider platform within the company, which gives us all of the detailed in-depth knowledge we need of different industries to find these mega winners that we're looking for in the portfolio. **Key Risks** - The following risks are materially relevant to the strategy highlighted in this material: The following risks are materially relevant to the strategy highlighted in this material: Transactions in securities of foreign currencies may be subject to fluctuations of exchange rates which may affect the value of an investment. Investment in small companies involves greater risk than is customarily associated with larger companies, since small companies often have limited product lines, markets or financial resources. **Important Information** This material is being furnished for general informational purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, and prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested. The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any

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