



## T. Rowe Price Funds SICAV US EQUITY FUND

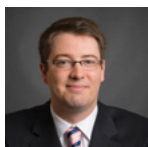
A high conviction, core US portfolio

### Fund snapshot

- An actively managed, high conviction, best-ideas portfolio invested in large cap US companies, irrespective of style.
- Seeks to invest in higher-quality businesses offering capable of delivering attractive risk-adjusted returns in a variety of different market environments.
- The portfolio has flexibility to tilt opportunistically between growth and value in respect to changing market conditions and investment opportunities, while providing consistent core exposure to the US equity market.

<b>Asset class</b>	US equities
<b>Benchmark*</b>	S&P 500 Index Net 30% Withholding Tax
<b>Inception</b>	June 2009
<b>Portfolio Manager</b>	Shawn Driscoll
<b>Style</b>	Large-Cap Core
<b>No of holdings</b>	65-75
<b>ISIN</b>	LU0429319774 (Class I USD) LU1521982055 (Class Q USD)
<b>SFDR classification**</b>	Article 8

### Fund overview



*“We are seeking to invest in reasonably valued higher-quality businesses with superior return algorithms, capable of producing better earnings and free cash flow than the S&P 500 and providing investors with attractive risk-adjusted returns.”*

**Shawn Driscoll** | Portfolio Manager

The T. Rowe Price US Equity Fund is a high-conviction portfolio comprised of our best ideas. It's designed to provide consistent exposure to the core segment of the US equity market, while investing across a range of both value and growth companies.

We believe investments in high-quality, large-cap companies characterised by the most favourable combination of company fundamentals, earnings and cash flow potential, and valuation can produce superior risk-adjusted returns over time. Alpha generation is expected to come from both bottom-up stock selection and from our consideration of macro-economic variables.

### Reasons to consider this fund

 <p><b>High conviction, concentrated approach</b></p>	 <p><b>Access the best of growth and value</b></p>	 <p><b>A portfolio reflecting bottom-up and macro considerations</b></p>
<p>This is a best-ideas portfolio of approximately 65-75 holdings. Leveraging the insights of our team of proprietary fundamental research analysts, we make meaningful investments in those companies we view as best positioned to deliver shareholders with superior returns.</p>	<p>We invest in a portfolio of large cap growth and value stocks, tilted opportunistically between growth and value in response to changing market conditions. This flexibility to invest in stocks across sectors and industries irrespective of style allows us to capitalise on a broader range of investment opportunities.</p>	<p>We seek to invest in reasonably valued, high quality franchises that can provide attractive returns in a variety of different market environments. Consideration of the macro-economic landscape and cyclical variables helps shape the profile of the overall portfolio.</p>

When investing, certain risks apply, including those specific to investing in equities and investment funds. For a full list of risks applicable to this fund, please refer to the prospectus.

\* The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

\*\* Sustainable Finance Disclosure Regulation (SFDR). Although the fund does not have sustainable investment as an objective, the promotion of environmental and social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in Sustainable Investments, as defined by the SFDR. Additionally, we apply a proprietary responsible screen (exclusion list).

# US Equities: A complex and dynamic opportunity set



## Quick takeaways

- The US equity market makes up more than half of all global equity markets by size
- Although efficient, the market continues to reward skilled stock pickers
- Analysis of returns from US equities shows that they are driven by both value opportunities and growth companies

## The world's largest equity market

Making up more than half of global equity markets, having significant exposure to the asset class is a foregone conclusion for most investors. But it's not always easy to make sense of this complex, dynamic space. With a huge diversity of companies in individual sectors alone, at any point the US equity market is made up of both fast-growing winners and more challenged companies potentially on their way out.

Likewise, there will always be many US companies trading either well above or well below average valuations. Some might warrant their price, some might be overvalued on the back of excessive investor expectations, while others might be fundamentally sound companies that investors may have overlooked in favour of opportunities with higher growth prospects.

## Making sense of a diverse opportunity set

The size of the US domestic market makes it a highly competitive environment for companies to operate in. Competition for market share has nurtured a strong culture of innovation, the pace of which continues to increase with new technologies and industries being created, from cloud

computing and autonomous vehicles to mobile payments and streaming services. Understanding the potential impact from disruptive technologies can be rewarding but it can also be very challenging for investors to predict the longer-term winners and losers.

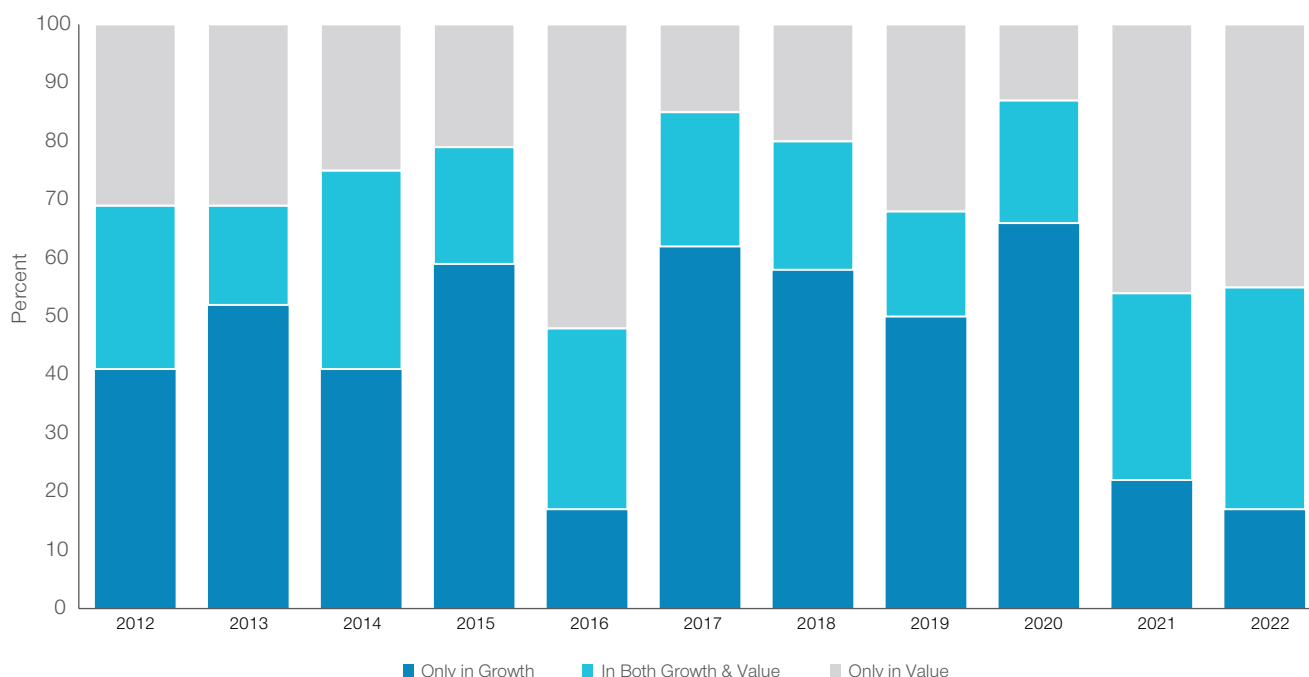
Amid investors' shifting enthusiasm for the latest themes and trends, sectors and companies can drift in and out of favour regardless of current or expected earnings. Analysis of returns from US equities shows that they are driven by both value opportunities and growth companies.

## What does it mean for investors?

Given the size and diversity within the US equity market, we believe it offers tremendous opportunities for experienced stock pickers. The key to navigating this continually evolving market is by employing a disciplined, repeatable investment approach which considers the fundamentals, valuations, and growth potential of individual businesses across the full range of the market. With the ability to invest in stocks across sectors and irrespective of style, the portfolio provides investors with exposure to a broad range of attractive investment opportunities and an ability to benefit from attractive risk adjusted returns throughout the market cycle.

**Fig. 1: Decomposition of Market's Strongest Returns**

Russell 1000 Index's Top Decile of Returns



## Past performance is not a reliable indicator of future performance.

Source for Russell Index Data: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. Please refer to Additional Disclosures for further information.

# Our Investment Approach



## Quick takeaways

- Our established presence and size gain us access to company managements
- The portfolio is a collection of both growth and value stocks, consistently providing core US equity exposure, while tilting modestly between the two in response to changing market conditions
- Our global network of investment specialists helps us source the best ideas

## Heritage, access and insights

T. Rowe Price has been managing US equity funds for more than 85 years and as one of the largest active managers of US equities, we are able to acquire valuable access to the management of the companies we hold. This improves our ability to assess opportunities and challenges those companies are facing.

Filtering out the noise, exploiting mispricing and always thinking long-term, our analysts look to identify forward-looking potential and the catalysts of change in their industries.

## A high conviction, concentrated approach



We believe investments in higher-quality, large-cap companies with a favourable combination of fundamentals, earnings and free cash flow potential, and valuation can produce superior risk-adjusted returns over time. The portfolio is a collection of the manager's highest conviction investment ideas across both value and growth segments

of the US equity, and alpha is expected to be generated both from stock selection and from consideration of macroeconomic factors.

The portfolio manager seeks to invest approximately 75% of the fund in holdings that he considers to be compounders at a reasonable price. The remaining 25% will typically be split between growth cyclicals and early cyclicals. Fundamental analysis, coupled with in-depth valuation assessment performed by our experienced team of industry analysts, enables us to identify companies with compelling business models and strong management teams that fall into each of these three buckets, which should lead to attractive risk-adjusted returns over the long run. Our mission is to beat the fund's S&P 500 benchmark and to do so while maintaining integrity with the Morningstar Large Cap Core style box.

Our thoughtful approach to portfolio construction provides greater flexibility to invest in stocks with a value or growth tilt in any sector, thus expanding the potential for excess returns.

Fig. 2: US Equity Fund Investment Process

ECONOMIC CYCLE		
<b>COMPOUNDERS</b> 	<b>GROWTH CYCLICALS</b> 	<b>EARLY CYCLICALS</b> 
<p>Companies that exhibit durable, above-average risk-adjusted returns and growth with competitive valuation characteristics compared to the S&amp;P 500 Index.</p>	<p>Companies with "growth stock"-like characteristics due to strong underlying demand growth and rising industry capital intensity.</p>	<p>Seek to opportunistically invest in cyclicals early in the life cycle of their respective economic cycle.</p>
<b>70-80%</b> of portfolio	<b>10-15%</b> of portfolio	<b>10-15%</b> of portfolio

## Portfolio construction

The T. Rowe Price US Equity Fund invests in a portfolio of 65-75 higher-quality companies across a range of sectors spanning both growth and value segments of the market. Our maximum sector relative weighting is expected to be +/- 800 basis points.

Our process tends to tilt the portfolio toward persistently high-quality businesses models that tend to exhibit lower volatility and economic sensitivity, resulting in superior risk-adjusted returns compared to the broader US equity market.

Portfolio turnover is expected to fall between 40%-65%, with turnover in the "Compounders" bucket lower and toward the higher end of the range within the "Cyclicals" buckets.

<b>Holdings</b>	65-75
<b>Position size range</b>	Typically +/- 5% relative to S&P 500 Index
<b>Benchmark*</b>	S&P 500 Net 30% Withholding Tax
<b>Cash level</b>	Typically <5%
<b>Expected turnover</b>	Typically 40-65% p.a.
<b>Sectors</b>	Up to +/- 8% vs benchmark weights
<b>Market cap</b>	>US\$12bn

\* The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only

## General fund risks

**Equity risk** – Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely.

**ESG and Sustainability risk** – ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund. **Geographic concentration risk** – May result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries

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**Operational risk** – Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

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