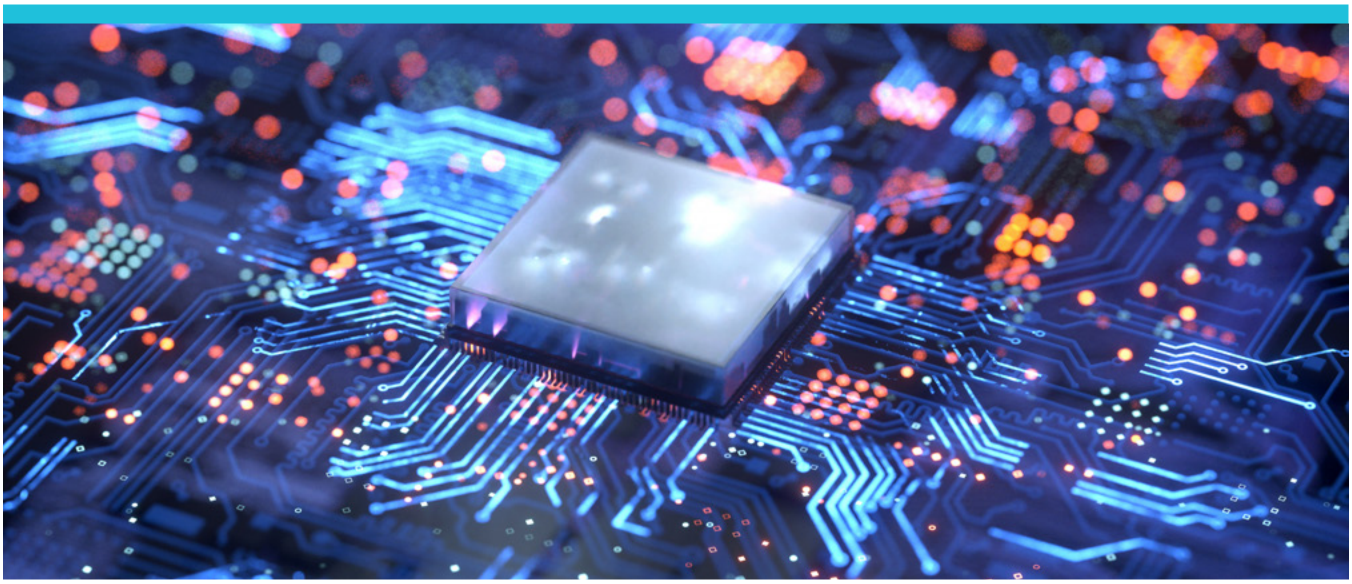
T.RowePrice®
INVEST WITH CONFIDENCE

Case study

GLOBAL IMPACT EQUITY STRATEGY



Synopsys

The following case study is a selected example of a recent engagement with a company held in or considered for the portfolio. The example is not meant to be representative of every engagement held, but to illustrate the types of ESG engagements we are having with the managements of our investment companies.

Case Study

SUSTAINABLE TECHNOLOGY

Synopsys

Pressure Points

Semiconductors are crucial enablers of green and digital economies. As shrinkage in semiconductors' physical size and monetary cost begins to slow, advancing their design process is essential to bolster performance and to improve end products' performance and efficiency. Designing for low power and energy consumption optimization are key issues for chip developers. The advances, in turn, work to enable digital financial inclusion, health care research and development (R&D), and production of robotics and electric vehicles, all while leading to more energy-efficient outcomes.

Impact Thesis

Synopsys is a market leader in Electronic Design Automation (EDA) (composing 57% of company revenue) and holds a strong position in semiconductor intellectual property (IP) (composing 33% of company revenue).[1] Its activities accelerate and improve the power use, energy efficiency, innovation design, and accuracy of the semiconductor design process. Smarter chip design leads to energy-efficiency gains and better outcomes in areas such as health care (computer power for R&D, microchips in health care technology) and climate (adoption of cloud computing and electric vehicles). Since Synopsys contributes to continued innovation and advanced chip manufacturing, we measure the company's impact by revenues and R&D spending.

KPI: Revenues and research and development spending

Five Dimensions of Impact

What: Improving semiconductors performance via EDA and IP to enable technological solutions to social and environmental issues

Who: People and planet

How much: In the 2020 financial year, Synopsys' total revenue increased by approximately 10%. R&D expenses represent 35% of total revenue.[1]

Contribution: By enabling the design of custom chips, client companies can produce more diversified, lower-cost, and more energy-efficient product offerings to end customers.

Risks: Given the company's global reach and broad application of its IP, user risk is potentially disruptive, especially in periods of heightened political tension.

Progress Monitoring

We are excited about the breakthrough of artificial intelligence (AI) in the semiconductor design flow process and are monitoring Synopsys' advance in the field. Synopsys' new DSO.ai™ solution utilizes AI to autonomously learn from the process of integrated circuit design.

PRIMARY UN SDG

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

IMPACT PILLAR

Sustainable Innovation and Productivity

IMPACT SUB-PILLAR

Sustainable Technology

IMPACT JOURNEY

Input

- USD 3.6 billion total revenue[1]
- USD 1.2 billion research and development spending[1]

Output

EDA and semiconductor IP services and products

Outcome

Foster innovation in the semiconductor industry and, consequently, in broader technology areas that leads to better energy efficiency and positive social outcomes

Impact

Acceleration of technological solutions that enable positive environmental and social impacts

[1] 2020 financial year annual report

DSO.ai is a trademark of Synopsys. Use does not imply endorsement, sponsorship, or affiliation of T. Rowe Price.

GLOBAL IMPACT EQUITY STRATEGY
Objective

In pursuit of long-term growth of capital, the Global Impact Equity Strategy seeks positive environmental or social impact and to outperform the MSCI All Country World Net Index. In targeting this objective, the strategy primarily invests in a diversified portfolio of equity-related securities of larger-cap companies listed on the world's stock markets. The strategy has a particular focus on companies where the durability and persistence of earnings and cash flow is underappreciated and may include investments in the securities of companies listed on the stock exchange of developed and developing countries.

Risks–the following risk is materially relevant to the portfolio:

Style risk—different investment styles typically go in and out of favor depending on market conditions and investor sentiment. We apply a high-conviction, positive impact-oriented, and long-term approach to investing. While we believe this is beneficial to returns, and specifically the compounding of returns over time, there will be times where markets are driven by factors not related to long-term earnings and cash flow fundamentals. Our bottom-up focus may mean that periods of intense macro or top-down focus create headwinds to returns, but these tend to be transient as a driver of stock prices.

General Portfolio Risks

Capital risk—the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different.

ESG and sustainability risk—may result in a material negative impact on the value of an investment and performance of the portfolio.

Equity risk—in general, equities involve higher risks than bonds or money market instruments.

Geographic concentration risk—to the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

Hedging risk—a portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended.

Investment portfolio risk—investing in portfolios involves certain risks an investor would not face if investing in markets directly.

Management risk—the investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

Operational risk—operational failures could lead to disruptions of portfolio operations or financial losses.

CCON0115525_SYNOPSYS
202205-2199172