



Meet Hari Balkrishna

Portfolio Manager, Global Impact Equity Strategy

August 2022



Harvard Business School, M.B.A., With Distinction; University of New South Wales, Australia, Bachelor of Commerce in Finance and Accounting, University Medal, and First Class Honours.

17 years
Investment Experience

12 years
With T. Rowe Price

 **London**
Office Location

2021–Present
Portfolio Manager for the Global Impact Equity Strategy

2015–2020
Associate Portfolio Manager for the Global Growth Equity Strategy

2010–2015
Research analyst responsible for covering European financials, real estate, and autos

2004–2008
Goldman Sachs (Sydney, Australia), financial institutions group in the investment banking division

With 17 years of investment experience and a passion for environmental and social impact, Hari Balkrishna is well equipped to manage the Global Impact Equity Strategy. He believes the market is ready for investors seeking to make a more active and conscious choice to favor companies that can deliver positive environmental and social impact.

Tell us about your background and how you started your investment career.

After finishing my bachelor's degree, I knew that I wanted to work in asset management as I always loved the accountability

and game theory of financial markets but wasn't quite able to break in right after university. I instead spent four years in investment banking in Sydney, Australia, with Goldman Sachs before deciding that it wasn't for me and applied to business school—to globalize my knowledge base and to break into professional asset management.

During my time pursuing an M.B.A. at Harvard Business School, I completed a summer internship with T. Rowe Price working as an analyst in the London office. I covered the banking sector, which was undergoing huge change after the global financial crisis in 2008. Upon gaining my M.B.A.,

I accepted a role as an investment analyst at T. Rowe Price covering European and Canadian banks, autos, and real estate.

Prior to my role as portfolio manager for the Global Impact Equity Strategy, I was an associate portfolio manager for the Global Growth Equity Strategy for six years, working with Scott Berg. This was a fantastic grounding in globalizing one's investment knowledge across sectors, but more importantly in building and deepening working relationships with all our analysts, sector portfolio managers, and diversified portfolio managers around the world.

“...having lived and worked in five different continents, I have built an appreciation for different social constructs and have always been a passionate believer in solving for climate change.”

What attracted you to impact investing?

At a personal level, having lived and worked in five different continents, I have built an appreciation for different social constructs and have always been a passionate believer in solving for climate change. The strategy was born through our desire to contribute in a positive way to the challenges our planet and society face today. We believe impact investing is the most direct way we can influence and address these challenges—via conscious action, engagement, and skilled execution. It goes beyond simply owning and capturing the economics and activities of certain types of companies. Capital must also be directed toward desired impact outcomes, alongside engaging with company management and active proxy voting to help achieve the best results.

Impact investing also brings a nonfinancial dimension to the investment process—a values-based approach that seeks positive environmental and/or social impact as part of distinct performance targets and is material, measurable, and additional. We believe that impact investing is key to putting investors on the right side of societal and environmental change. Capital can be directly deployed into companies that seek positive impact and are change-enabling. But this has to be combined with fundamental analysis, deep research, and valuation discipline.

¹Source: World Investment Report, United Nations Conference on Trade and Development (UNCTAD).

Can public equity investing really make an impact on key environmental and social concerns, especially compared with private investing?

While impact investing was originally the domain of private investors, we believe the potential to capture and create impact in public equity markets has broadened tremendously over the past decade. Ambitious international and local goals are being set on environmental and social initiatives to directly address risks and promote change. Among them are the UN Sustainable Development Goals (SDG), a globally recognized framework that aims to end poverty, protect the planet, and ensure prosperity. On its own, it is estimated that approximately USD 2.5 trillion of capital will be needed annually until 2030 to achieve the UN SDG objectives.¹

If we aspire to accelerate these and other initiatives that target social and environmental transitions, it is essential to fund them at scale and in a liquid manner—so public equity markets will be critical to that effort. The enormity of issues like clean energy transition will not be possible without the backing of large and well-funded publicly listed firms.

Excitingly, the opportunity to own businesses that create a positive environmental or social impact is greater than ever before in public equity markets, as companies should shift investment to address environmental and societal pressure points.

“Impact investing has grown tremendously in recent years, in part because investors are not being asked to accept a sacrifice of returns in order to implement a values-based approach.”

How do you make a difference for clients as an impact investment manager?

We aspire to be a partner to our clients, using our full breadth of ideas in seeking to harvest both impact and potential alpha over the long term. Impact investing has grown tremendously in recent years, in part because investors are not being asked to accept a sacrifice of returns in order to implement a values-based approach.

Part of my role as an impact portfolio manager is to help individuals and institutions make sense of what's happening in the world around us and how that could manifest into risks and opportunities within an investment portfolio. For example, as the environmental costs of climate change accelerate, planning for the future and thinking about climate mitigation can genuinely help a company's bottom line.

As businesses become more conscious and active in aligning capital with the economic returns that can legitimately flow from addressing environmental or social tensions, I expect opportunities to grow. That is important because breadth is a key foundation of consistency and meeting the return objectives of impact investing. In short, we are in an era of growth with respect to the opportunity set of impact stocks, and it is a privilege to help our clients access these opportunities.

From an alpha perspective, we also believe impact-oriented companies can offer better topline and bottom-line growth opportunities than the index. Often these companies have products that are in high demand from consumers, but also have business models that regulators wish to incentivize as we try to achieve net zero targets.

“It involves directing fresh capital toward desired impact outcomes, alongside impact-oriented company engagement, proxy voting, and the associated influence feedback loop.”

Can an investment manager contribute to positive impact?

Impact is achieved within an investment portfolio in more ways than simply owning and capturing the economics and activities of certain types of companies. It involves directing fresh capital toward desired impact outcomes, alongside impact-oriented company engagement, proxy voting, and the associated influence feedback loop.

As a starting point, we screen companies through an impact lens for both materiality and measurability of the desired outcome. This requires an understanding of a business in the context of a defined impact framework. For us, this is driven by a combination of evaluating a company's current and

future operations and the alignment of earnings or revenues with our impact pillars and the UN SDGs. We use the word “future” very deliberately, given the rapid evolution of many businesses and the need to look forward.

Importantly, as a truly global asset manager, we are ready to supply new capital to areas of target impact. We use our position of ownership to enter into dialogues with companies where we can see the potential to accelerate the good aspects of their operations, while helping to mitigate the negative parts that naturally exist even in the purest of business operations. Change takes time and requires resilience, but this is consistent with many aspects of successful long-term investing.

How does your portfolio differ from the theme/factor of ESG, sustainability, or even impact?

It is important to distinguish that impact investing is not environmental, social, or governance (ESG) integration, and it is also a different discipline from sustainable investing. It incorporates both, but takes it a step further. Impact investing in public equity markets lives in the same domain as other styles of investing. We do not believe there needs to be a sacrifice of return potential, and we believe the opportunity set is unrecognizable from a decade ago. Impact investing is also outward-looking (planet and society) and forward-looking compared with ESG integration and sustainability, which tend to look at a company's own operations much more.

But impact investing backed by stock picking outcomes requires equal, if not greater, levels of due diligence to avoid excessive concentration, crowding, and disappointment. A forward-looking perspective, a stable and expert research foundation, and a good level of imagination are key features of successful investment processes.

What does the future look like for impact investing?

Change is often born of extremes—and we are living in a period of extremes in many respects. The challenges of our era have created open and broad debate about the rights and freedoms of humankind, the growth in inequality, and the clear and obvious pressures on our environment. To this point, rarely have society and investors mobilized in the way we have seen in the past two years, with clear and raised expectations as to how businesses should conduct themselves in the context of the societies and the environments in which they operate.

We are encouraged by the significance and action businesses are applying to demands for new and improved principles. Companies are innovating in response to society's demands for solutions to pressing issues, and industry leaders are adapting in recognition of their responsibilities. This has created an increasing number of opportunities to access positive impact within public equity markets.

Share with us your personal interests and how they might (or might not) intersect with your professional work.

I strongly believe in the importance of work-life balance. I have two children with a range of interests, and I enjoy spending as much time with them as possible, especially playing cricket and squash with them. I also love cycling, playing squash, and badminton.

I cochair the London Corporate Responsibility Committee, which is an opportunity to allow T. Rowe Price associates to have an impact on our local communities. It is extremely rewarding work where we can make a real difference to the communities around us. Volunteering and charity work is also a daily reminder of the purpose of impact investing—trying to channel capital toward making a difference and making the world a better place.

Risks—the following risks are materially relevant to the portfolio:

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.

Environment, social and governance and sustainability risk—Due to environmental changes, shifting societal views, and an evolving regulatory landscape related to sustainability issues, the earnings and/or profitability of companies that a portfolio invests in may be impacted.

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.

T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term.

T.RowePrice®

Important Information

This material is being furnished for general informational and/or marketing purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. 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 jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date written and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction.

Australia—Issued in Australia by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. For Wholesale Clients only.

Brunei—This material can only be delivered to certain specific institutional investors for informational purpose upon request only. The strategy and/or any products associated with the strategy has not been authorised for distribution in Brunei. No distribution of this material to any member of the public in Brunei is permitted.

Canada—Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

DIFC—Issued in the Dubai International Financial Centre by T. Rowe Price International Ltd. This material is communicated on behalf of T. Rowe Price International Ltd. by its representative office which is regulated by the Dubai Financial Services Authority. For Professional Clients only.

EEA—Unless indicated otherwise this material is issued and approved by T. Rowe Price (Luxembourg) Management S.à r.l. 35 Boulevard du Prince Henri L-1724 Luxembourg which is authorised and regulated by the Luxembourg Commission de Surveillance du Secteur Financier. For Professional Clients only.

Hong Kong—Issued in Hong Kong by T. Rowe Price Hong Kong Limited, 6/F, Chater House, 8 Connaught Road Central, Hong Kong. T. Rowe Price Hong Kong Limited is licensed and regulated by the Securities & Futures Commission. For Professional Investors only.

Indonesia—This material is intended to be used only by the designated recipient to whom T. Rowe Price delivered; it is for institutional use only. Under no circumstances should the material, in whole or in part, be copied, redistributed or shared, in any medium, without prior written consent from T. Rowe Price. No distribution of this material to members of the public in any jurisdiction is permitted.

Korea—This material is intended only to Qualified Professional Investors upon specific and unsolicited request and may not be reproduced in whole or in part nor can they be transmitted to any other person in the Republic of Korea.

Mainland China—This material is provided to specific qualified domestic institutional investor or sovereign wealth fund on a one-on-one basis. No invitation to offer, or offer for, or sale of, the shares will be made in the mainland of the People's Republic of China ("Mainland China", not including the Hong Kong or Macau Special Administrative Regions or Taiwan) or by any means that would be deemed public under the laws of the Mainland China. The information relating to the strategy contained in this material has not been submitted to or approved by the China Securities Regulatory Commission or any other relevant governmental authority in the Mainland China. The strategy and/or any product associated with the strategy may only be offered or sold to investors in the Mainland China that are expressly authorized under the laws and regulations of the Mainland China to buy and sell securities denominated in a currency other than the Renminbi (or RMB), which is the official currency of the Mainland China. Potential investors who are resident in the Mainland China are responsible for obtaining the required approvals from all relevant government authorities in the Mainland China, including, but not limited to, the State Administration of Foreign Exchange, before purchasing the shares. This document further does not constitute any securities or investment advice to citizens of the Mainland China, or nationals with permanent residence in the Mainland China, or to any corporation, partnership, or other entity incorporated or established in the Mainland China.

Malaysia—This material can only be delivered to specific institutional investor upon specific and unsolicited request. The strategy and/or any products associated with the strategy has not been authorised for distribution in Malaysia. This material is solely for institutional use and for informational purposes only. This material does not provide investment advice or an offering to make, or an inducement or attempted inducement of any person to enter into or to offer to enter into, an agreement for or with a view to acquiring, disposing of, subscribing for or underwriting securities. Nothing in this material shall be considered a making available of, solicitation to buy, an offering for subscription or purchase or an invitation to subscribe for or purchase any securities, or any other product or service, to any person in any jurisdiction where such offer, solicitation, purchase or sale would be unlawful under the laws of Malaysia.

New Zealand—Issued in New Zealand by T. Rowe Price Australia Limited (ABN: 13 620 668 895 and AFSL: 503741), Level 50, Governor Phillip Tower, 1 Farrer Place, Suite 50B, Sydney, NSW 2000, Australia. No Interests are offered to the public. Accordingly, the Interests may not, directly or indirectly, be offered, sold or delivered in New Zealand, nor may any offering document or advertisement in relation to any offer of the Interests be distributed in New Zealand, other than in circumstances where there is no contravention of the Financial Markets Conduct Act 2013.

Philippines—THE STRATEGY AND/ OR ANY SECURITIES ASSOCIATED WITH THE STRATEGY BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE OF THE STRATEGY AND/ OR ANY SECURITIES IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE, UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

Singapore—Issued in Singapore by T. Rowe Price Singapore Private Ltd. (UEN: 201021137E), No. 501 Orchard Rd, #10-02 Wheelock Place, Singapore 238880. T. Rowe Price Singapore Private Ltd. is licensed and regulated by the Monetary Authority of Singapore. For Institutional and Accredited Investors only.

South Africa—T. Rowe Price International Ltd (TRPIL), 60 Queen Victoria Street, London, EC4N 4TZ, is an authorised financial services provider under the Financial Advisory and Intermediary Services Act, 2002 (Financial Services Provider (FSP) Licence Number 31935), authorised to provide "intermediary services" to South African Investors. TRPIL's Complaint Handling Procedures are available to clients upon request. The Financial Advisory and Intermediary Services Act Ombud in South Africa deals with complaints from clients against FSPs in relation to the specific services rendered by FSPs. The contact details are noted below: Telephone: +27 12 762 5000, Web: www.faisombud.co.za, Email: info@faisombud.co.za

Switzerland—Issued in Switzerland by T. Rowe Price (Switzerland) GmbH, Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland. For Qualified Investors only.

Taiwan—This does not provide investment advice or recommendations. Nothing in this material shall be considered a solicitation to buy, or an offer to sell, a security, or any other product or service, to any person in the Republic of China.

Thailand—This material has not been and will not be filed with or approved by the Securities Exchange Commission of Thailand or any other regulatory authority in Thailand. The material is provided solely to "institutional investors" as defined under relevant Thai laws and regulations. No distribution of this material to any member of the public in Thailand is permitted. Nothing in this material shall be considered a provision of service, or a solicitation to buy, or an offer to sell, a security, or any other product or service, to any person where such provision, offer, solicitation, purchase or sale would be unlawful under relevant Thai laws and regulations.

UK—This material is issued and approved by T. Rowe Price International Ltd, 60 Queen Victoria Street, London, EC4N 4TZ which is authorised and regulated by the UK Financial Conduct Authority. For Professional Clients only.

USA—Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

© 2022 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.