



Meet Ray Mills

Portfolio Manager,
T. Rowe Price Overseas Stock Fund

September 2023



Ray earned a B.S., summa cum laude, from Virginia Tech; an S.M. from the Massachusetts Institute of Technology; and a Ph.D. from Stanford University, all in the field of aeronautical and astronautical engineering. He has also earned the Chartered Financial Analyst® (CFA) designation.

26 years
Investment Experience

26 years
With T. Rowe Price

 **Washington, DC**
Office Location

2006–Present

Portfolio Manager, T. Rowe Price Overseas Stock Fund

1997–2006

Joined T. Rowe Price as an analyst in the U.S. Equity Division

1994–1997

The Analytic Sciences Corporation—Principal Systems Engineer

Ray is the portfolio manager of the T. Rowe Price Overseas Stock Fund within the International Equity Division. He also serves on the Investment Advisory Committees of other international equity and real estate strategies. He is a member of the International Equity Steering Committee. Ray is also a vice president of T. Rowe Price Group, Inc., T. Rowe Price Trust Company, and T. Rowe Price International Ltd.

1. Tell us about your background and training and why you decided on a career in asset management.

Early in my career, I worked as an engineer in the national security area. It was a role that offered high job security, but it was at a time after the end of the Cold War and before 9/11, so it fell during a period of relative calm in the U.S., where the threats to security were downplayed. Working in the field at that time was not as exciting as I had hoped. At that early stage in my career, I wanted to do something more challenging.

I had always been interested in investing, and, through some contacts, I was able to meet with various people at T. Rowe Price and was ultimately offered a position at the company. As soon as I started, I went through the CFA program to further my knowledge.

2. Explain your investment approach as it relates to the value of active management.

We take a core approach with the Overseas Stock Fund. This means that we invest across the style spectrum, and this ties in very well with our global research platform. If an analyst has an investment idea, be it a growth or value-oriented stock or somewhere in the middle, we can consider it for inclusion in this core strategy. T. Rowe Price Associates, Inc.'s (TRPA's) global research platform is the strength that underpins our active process. The depth of specialist research is excellent, I believe, and this information is shared widely within our research platform and without silos. We have offices around the world, and we work together as a team to understand global market and economic trends and generate good investment ideas. Unique is a strong word, but our research platform is very special, underpinned by a truly collaborative culture. A huge amount of information and insight is shared across our global investment team, and this exchange of investment ideas is advantageous as we seek to generate outperformance for our clients.

Another underappreciated advantage at T. Rowe Price is time arbitrage. Our aim is to consistently perform well for our clients, both in absolute terms and relative to our benchmarks, over all time periods. But, in practice, this is simply not possible—there will always be periods when market dynamics work against us and our performance objectives. However, we understand and accept that these periods can occur. Even the best investors in the world are going to be right only around 60% of the time and so, by extension, potentially wrong around 40% of the time.¹

As an active manager, we use these periods as opportunities to revisit and reassess our investment ideas and, where appropriate, add to holdings we feel confident can outperform over time. This is important as many investment managers are simply not afforded the time to potentially outperform. They are judged over short time frames, often on a quarterly basis. We generally measure our performance over a three- to five-year horizon. We stick with those investments that our research gives us confidence can outperform over time, even if they experience periods of short-term pressure or underperformance.

3. How does the Overseas Stock Fund differ from competitors in the same space?

First and foremost, investment management is what we do. Unlike some other financial companies, this is our absolute focus. The quality and depth of information generated by our global research platform cannot be understated. The continuity of our key personnel and a strong corporate culture also helps to create a dynamic and supportive environment singularly focused on generating strong performance for our investors.

We try not to spend time looking over our shoulder at what our competitors are doing. Instead, we focus on gaining a deep understanding of the companies in our universe. An analogy I like to use is when I used to run track in high school—looking behind me and worrying about competitors instead of simply running my own race only ever slowed me down. It's the same with investing—I try to concentrate on the primary task of generating good performance. By trusting my process and judgment, and the research of the team around me, I can hopefully stay ahead of the field.

4. Given the current market landscape, why might investors want to consider the Overseas Stock Fund?

There are many great companies outside the U.S., which make up roughly half the world in terms of market capitalization. While the U.S. market has performed very well in recent years, investors that focus solely on U.S. companies are potentially ignoring some strong global businesses. An example, I believe, is the Dutch company ASML,² which makes state-of-the-art equipment used in the production of most of the advanced semiconductor chips made today. French personal care company and one of the world's largest cosmetics manufacturers, L'Oréal,³ is another company that comes to mind. With strong branding, seasoned management, and adept capital allocation, it is another strong global business in my view.

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— Ray Mills

Portfolio Manager, T. Rowe Price Overseas Stock Fund

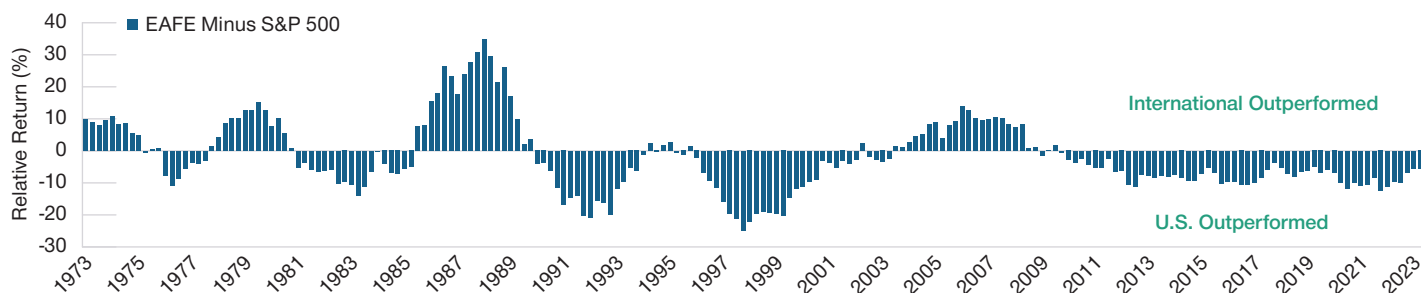
¹ Source: Investment Metrics. Study of 1000 actively managed U.S. funds from 1995 through 2020. On average, the top 25% of portfolio managers (by performance) beat the Russell 1000 Index 60% of the time. **Past performance is not a reliable indicator of future performance.**

² 1.7% weighting within the Overseas Stock Fund, as of June 30, 2023. Not a recommendation to buy or sell a specific security.

³ 0.9% weighting within the Overseas Stock Fund, as of June 30, 2023. Not a recommendation to buy or sell a specific security.

U.S. Equity Has Outperformed Since Global Financial Crisis

(Fig. 1) Rolling three-year returns, MSCI EAFE Net Index vs. S&P 500 Net Index



As of June 30, 2023.

Past performance is not a reliable indicator of future performance.

Index returns shown with reinvestment of dividends after the deduction of withholding taxes.

Sources: FactSet, MSCI, and S&P; analysis by T. Rowe Price (see Additional Disclosures).

The performance of international companies versus U.S. counterparts has also tended to be cyclical. Figure 1 shows the relative performance between the two regions over time. What is evident is that we are currently in one of the longest ever periods of relative U.S. outperformance.

At some point, however, the U.S. market may become too expensive, and international stocks could start to catch up again, if for no other reason than being more attractively valued. With a multitude of favorable international businesses, each with their own enduring strengths and qualities, we believe that there are good reasons why investors should consider looking beyond the U.S. market to invest a portion of their assets.

5. What are some of the trends or themes you are focused on?

One theme in the portfolio is an overweight position in technology, particularly in semiconductor equipment. Our focus is less on the chip manufacturers themselves and more on the companies that make the specialist equipment needed to produce semiconductors—effectively the picks and shovels of the manufacturing process.

An ever-increasing amount of digital content impacts our lives. Be it artificial intelligence, social media, or the “Internet of Things,” this is an inexorable force. While we have seen a vast increase already, we believe that people are yet to fully appreciate the extent of productivity gains ahead. Digital technology in the auto industry, for example, has increased massively, but there is potentially a lot more advancement to come. Indeed, most of the products that we interact with, across many industries, are increasingly reliant on technology

and utilize digital content. We believe that major investment in new and better technology will only continue. This means increased demand for more advanced chips, making the equipment needed to make those chips more essential.

Another theme we are focused on is a strong exposure to health care. As societies modernize, and as wealth increases in the world, demand for health care increases. China is a good example as it has progressed from a poor to a middle wealth country. The more resources and wealth people have, the healthier they can afford to be, with access to better services and more advanced treatments. It seems almost a given that health care spending, as a percentage of gross domestic product, will naturally follow this trend.

6. Can you share some key observations or lessons learned during your time in asset management?

I've learned that the market can sometimes do things that don't seem to make sense for longer than you think possible. In these circumstances, it takes a lot of courage and discipline to trust your judgment. It can be painful to go through, and sometimes you will be proven wrong, but experience has shown me that if you do your job well and have conviction in your process and your research then, more often than not, you will ultimately be rewarded.

7. Tell us about your personal interests.

This job takes a tremendous amount of time and focus, so I like to spend as much time away from work as possible with my family and catching up with friends. I like to keep fit, and I try to work out and get a run in a few times per week. Lastly, when I can find the time, I also like to play the guitar.

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