



PORTFOLIO UPDATE

Concentrated Global Equity SMA

As of 30 April 2024



Portfolio Manager:

Peter Bates

Joined Firm:

2004

Investment Experience:

22 Years

SMA INFORMATION

Inception Date	24 March 2021
Benchmark	MSCI World (ex-Australia) Net

INVESTMENT OBJECTIVE

The portfolio aims to outperform the MSCI World ex-Australia Index Net (AUD) over a full market cycle.

TOP 10 HOLDINGS (%)

	Country	Industry	% of Rep. Portfolio
NVIDIA	United States	Semiconductors & Semiconductor Equipment	5.0
Microsoft	United States	Software	5.0
Steel Dynamics	United States	Metals & Mining	4.2
Meta Platforms	United States	Interactive Media & Services	3.9
Eli Lilly and Co	United States	Pharmaceuticals	3.9
Corebridge Financial	United States	Financial Services	3.6
Amazon.com	United States	Broadline Retail	3.5
Stanley Black & Decker	United States	Machinery	3.4
Danaher	United States	Life Sciences Tools & Services	3.2
ITOCHU	Japan	Trading Companies & Distributors	3.1

SECTOR EXPOSURE (%)

	% of Rep. Portfolio	Rep. Portfolio vs. MSCI World (ex-Australia) Net
Information Technology	19.9	-3.6
Financials	18.6	3.7
Health Care	18.0	5.9
Industrials & Business Services	15.3	3.8
Communication Services	6.6	-1.0
Materials	6.6	3.0
Consumer Discretionary	6.3	-4.4
Energy	4.5	-0.2
Utilities	3.0	0.4
Consumer Staples	0.0	-6.7
Real Estate	0.0	-2.1

PERFORMANCE

Figures Shown in Australian Dollars

	One Month	Three Months	Year-to-Date	One Year	Three Year	Annualised Since Inception 31 Mar 2021 ²
Concentrated Global Equity SMA Composite (Gross) [^]	-3.87%	6.82%	13.48%	26.76%	14.73%	16.05%
MSCI World (ex-Australia) Net*	-3.26	5.56	10.34	20.71	12.00	12.80
Value Added (Gross) ¹	-0.61	1.26	3.14	6.05	2.73	3.25

Past performance is not a reliable indicator of future performance.

[^] Gross returns are presented before the deduction of expenses and all other fees, but may include transaction costs. Returns include reinvestment of dividends and capital gains. Actual fees assessed by the SMA platforms will vary and are not included in the gross returns.

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

Performance is computed in U.S. dollars and converted to the currency shown using an exchange rate determined by an independent third party.

¹ The Value Added is shown as the Composite (Gross) minus its Index.

² The SMA inceptioned 24 March 2021. Data reflects period beginning 31 March 2021, which is the first full month since composite inception.

Effective 13 November 2023, the name of the SMA changed from T. Rowe Price Global Select Equity SMA (Australia) to T. Rowe Price Concentrated Global Equity SMA.

COUNTRY DIVERSIFICATION (TOP 10)

	% of Rep. Portfolio	MSCI World (ex-Australia) Net
United States	71.9	71.8
Japan	7.9	6.2
Switzerland	7.1	2.5
Canada	4.2	3.1
Taiwan	2.9	0.0
Norway	2.2	0.2
United Kingdom	2.1	4.1
Germany	0.5	2.3
France	0.0	3.2
Netherlands	0.0	1.4

PORTFOLIO REVIEW

In Australian dollar terms, global equities pulled back in April as stronger-than-expected economic and inflation data and hawkish comments from the U.S. Federal Reserve resulted in diminished expectations for Fed rate cuts this year. Investors were also concerned about increasing geopolitical tensions and a limited military engagement between Iran and Israel in the Middle East.

U.S. stocks declined due to signs that progress in reducing inflation had stalled, raising concerns that interest rates would remain “higher for longer” and that there could even be an increasing possibility of no cuts at all in 2024. The market’s reduced expectations represent a meaningful departure from the six rate cuts priced in at the beginning of the year. While headline consumer price inflation data remained steady in March, “supercore” inflation, which tracks services prices excluding energy and housing costs, jumped in March at a rate much higher than expected. At the same time, economic data showed signs of deceleration, with U.S. manufacturing activity falling into contraction territory, igniting worries about stagflation, or a slowing economy alongside rising prices.

Developed European shares broadly sagged amid geopolitical tensions, mixed corporate earnings, and uncertainty over the outlook for interest rates, although Portugal, Austria, and the UK were notable bright spots. The European Central Bank left its key deposit rate at a record high of 4.0% but said that if the June inflation update were to increase its confidence that inflation is converging to the target in a sustained manner, it would be appropriate to reduce the current level of monetary policy restriction. Nevertheless, the policy path after June appeared less certain, with hawkish comments from some policymakers casting doubt on subsequent rate reductions. Eurozone gross domestic product surprised to the upside, expanding 0.3% in the first quarter, after contracting 0.1% in the final three months of 2023. Annual consumer price growth was steady in April at 2.4%, but core inflation—which excludes energy and food prices—slowed to 2.7% from 2.9%.

Developed Asian stocks were also lower for the month, mainly due to underperformance in Japan and Australia, while Hong Kong and Singapore delivered solid positive returns. Within Japan, the Bank of Japan (BoJ) refrained from making changes to its monetary policy at its April meeting, but BoJ Governor Kazuo Ueda hinted that confidence to raise interest rates further is set to increase in the second half of this financial year. On the economic data front, there were signs of modest easing of inflation, healthy inbound tourism, and continued growth in exports.

Emerging market stocks delivered positive returns and outperformed their developed market peers. Emerging Asian shares were positive. Chinese equities advanced on hopes that the economy could be gaining traction. Indian stocks also gained after consumer prices eased in March following a brief uptick in February. Latin American markets were broadly lower with the exception of Argentina and Peru. In emerging Europe, Türkiye recorded solid returns after the main opposition party, the Republican People’s Party, won a majority of votes in most big cities during the local elections.

Sector performance in the MSCI World Index ex-Australia was mostly negative. Real estate, information technology, and consumer discretionary were the worst performers, while utilities and energy were the only sectors to produce positive returns.

PORTFOLIO CHARACTERISTICS

	Rep. Portfolio	MSCI World (ex-Australia) Net
Number of Holdings	36	1,392
Top 20 Holdings as Percent of Total	66.74%	29.63%
Percent of Portfolio in Cash	1.24%	-
Active Share	80.83%	-
Portfolio Turnover	70.52	-

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the MSCI World ex Australia Index Net for the one-month period ended April 30, 2024. At the sector level, stock selection detracted the most from relative returns, while sector allocation was modestly positive. Holdings in the materials sector detracted the most from relative results, especially our positions in Steel Dynamics and Sherwin-Williams. Stock selection in financials also hurt relative performance, mainly due to our positions in Corebridge Financial, Partners Group, and RenaissanceRe Holdings. On the positive side, health care names contributed the most to relative performance, especially Elevance, Eli Lilly, and Danaher. At the regional level, North American names detracted, while holdings in Japan contributed.

OUTLOOK

Post-pandemic economic activity appears to be returning to normal. Supply chain disruptions have largely dissipated and following a series of rolling recessions in various end markets, we expect the economy is poised to accelerate in the second half of the year. The U.S. in particular has benefited from a still-resilient labor market that has enabled consumers to largely maintain spending levels. Coupled with the gradual progress we’ve experienced with disinflation, we think the odds of a hard recession have fallen and the odds of a soft recession or no recession have risen.

We are encouraged that equity markets have started to broaden and are finding idiosyncratic ideas across our expansive opportunity set that have what we think are clear reasons why they can win moving forward. The portfolio currently reflects a structurally bullish stance on U.S. housing and U.S. infrastructure and related re-shoring, but also has exposure to secular mega trends related to artificial intelligence and GLP-1s that we think have long runways ahead. However, we also have exposure to lower beta ideas that provide balance to the portfolio. In terms of how the portfolio looks across our three style buckets, we are overweight durable growers, though we continue to maintain meaningful exposure to cyclical/turnarounds and disruptors as well.

While we continue to monitor the macro environment, views on the market are not going to drive our portfolio performance. We think our ability to balance style and cyclical exposures helps neutralize overall macro variable exposures, which has historically resulted in stock picking driving our performance no matter the environment. Ultimately, we remain true to our mandate to manage growth-value risk and portfolio tilts and focus on finding the best ideas in the market that can add value for clients.

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. The views and portfolio holdings contained herein are as of date noted on the material and are subject to change without further notice. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

GIPS® COMPOSITE REPORT**Concentrated Global Equity SMA Composite**

Period Ended December 31, 2023

Figures Shown in Australian dollar

	2021 ²	2022	2023
Gross Annual Returns (%) ¹	26.03	-12.63	26.62
MSCI World ex Australia Index Net (%)	21.86	-12.52	23.23
Composite 3-Yr St. Dev.	N/A	N/A	N/A
MSCI World ex Australia Index Net 3-Yr St. Dev.	N/A	N/A	N/A
Composite Dispersion	N/A	N/A	N/A
Comp. AUM (Millions)	8.2	7.2	9.1
# of Accts. in Comp.	1	1	1
Total Firm AUM (Billions)	2,274.4	1,824.6	2,057.4 ³
SMA Portfolio (%)	0%	0%	0%

¹Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request.²March 31, 2021 through December 31, 2021.³Preliminary - subject to adjustment.

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Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Gross returns are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Gross performance returns are used to calculate presented risk measures. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios. Some portfolios may trade futures, options, and other potentially high-risk derivatives that may create leverage and generally represent in aggregate less than 10% of a portfolio. Benchmarks are taken from published sources and may have different calculator methodologies, pricing times, and foreign exchange sources from the composite.

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Concentrated Global Equity SMA Composite. The Concentrated Global Equity SMA Composite seeks long-term capital appreciation through investment in common stocks of established companies listed primarily on the developed world's stock markets. We seek to buy and own companies where we have a differentiated view on the trajectory or durability of their growth prospects that is not accurately reflected in current share prices. Further, we pursue a balanced approach that is concentrated within our best investment ideas while allowing enough diversification to manage macro risk factors. Formerly Global Select Equity SMA Australia. (Created April 2021; inception March 31, 2021)

ADDITIONAL DISCLOSURES

Active Share is a holdings based measure of active management representing the percentage of a portfolio's holdings that differ from those in its benchmark. Compared to tracking error, which measures the standard deviation of the difference in a manager's returns versus the Benchmark returns, Active Share allows investors to get a clearer understanding of what a manager is doing to drive performance, rather than drawing conclusions from observed returns. The greater the difference between the asset composition of a product and its benchmark, the greater the active share is.

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The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report for additional information on the composite.

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