AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Concentrated Global Equity Fund - I Class

As of 30 June 2024

Portfolio Manager:
Peter Bates

Joined Firm:
2004

Investment Experience:
23 Years

Morningstar Medalist Rating™:
As of 30/04/2024
Analyst-Driven %
10
Data Coverage %
83

INVESTMENT OBJECTIVE

The Fund is a high conviction global equity strategy that aims to provide long-term capital appreciation. The Fund typically invests in a concentrated portfolio of mid to large cap companies which are traded or listed on recognised exchange and/or markets throughout the world, including developing countries.

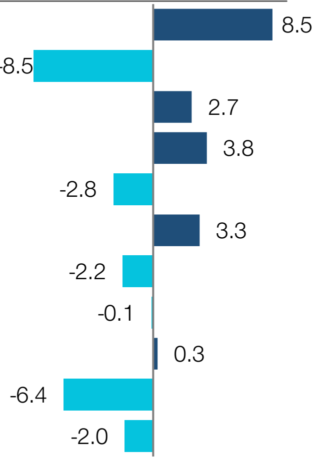
TOP 10 HOLDINGS

	Country	Industry	% of Fund
Microsoft	United States	Software	5.2%
NVIDIA	United States	Semiconductors & Semiconductor Equipment	4.6
Amazon.com	United States	Broadline Retail	4.6
Steel Dynamics	United States	Metals & Mining	4.4
Eli Lilly and Co	United States	Pharmaceuticals	4.1
Taiwan Semiconductor Manufacturing	Taiwan	Semiconductors & Semiconductor Equipment	3.3
ITOCHU	Japan	Trading Companies & Distributors	3.3
Olympus	Japan	Health Care Equipment & Supplies	3.2
Corebridge Financial	United States	Financial Services	3.1
Meta Platforms	United States	Interactive Media & Services	3.1

SECTOR EXPOSURE

	% of Fund
Health Care	20.3%
Information Technology	17.8
Financials	17.2
Industrials & Business Services	14.7
Consumer Discretionary	7.4
Materials	6.6
Communication Services	5.7
Energy	4.1
Utilities	2.8
Consumer Staples	0.0
Real Estate	0.0

Fund vs. MSCI World Index ex-Australia Net (unhedged) (AUD)



PERFORMANCE

	One Month	Three Months	Year-to-date	One Year	Annualised Since Share Class Inception 15 Dec 2021
T. Rowe Price Concentrated Global Equity Fund - I Class (Gross – AUD)*	1.31%	0.03%	17.33%	23.83%	10.56%
T. Rowe Price Concentrated Global Equity Fund - I Class (Net – AUD)**	1.24	-0.18	16.84	22.79	9.53
MSCI World Index ex-Australia Net (unhedged) (AUD)***	1.61	0.28	14.37	19.92	8.48
Value Added (Gross) [1]	-0.30	-0.25	2.96	3.91	2.08
Value Added (Net) [2]	-0.37	-0.46	2.47	2.87	1.05

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

*Gross-of-fees performance is the net return with fees and expenses added back.

**Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception. For further details, please refer to the Fund's product disclosure statement and reference guide which are available from Equity Trustees or TRPAU.

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

[1]The Value Added is shown as the Fund (Gross) minus its Index.

[2]The Value Added is shown as the Fund (Net) minus its Index.

COUNTRY DIVERSIFICATION (TOP 10)

	% of Fund	MSCI World Index ex-Australia Net (unhedged) (AUD)
United States	67.5%	73.3%
Japan	8.8	5.8
Switzerland	7.3	2.5
Canada	3.7	3.0
Taiwan	3.3	0.0
Norway	2.1	0.2
France	2.1	2.9
United Kingdom	1.7	3.8
Argentina	0.0	0.1

PORTFOLIO CHARACTERISTICS

	Fund	MSCI World Index ex-Australia Net (unhedged) (AUD)
Number of Issuers	34	1,357
Top 20 Issuers as Percent of Total	67.0%	32.6%
Percent of Portfolio in Cash	3.5%	–
Portfolio Turnover (12 Months)	73.0%	–
Active Share	79.8%	–

MARKET REVIEW

In Australian dollar terms, global equities were volatile in June but managed to eke out broadly positive results. A number of geopolitical risks weighed on markets, as did concerns about persistently high interest rates; however, bullish sentiment driven by mega-cap technology stocks, cooling economic data, and better-than-expected corporate earnings overcame negative data points.

U.S. equities rose, driven by strength in high-growth stocks, especially technology-oriented companies expected to benefit from artificial intelligence (AI) developments. While the mega-cap and large-cap portions of the market were buoyed by generally favorable corporate earnings thus far this year, stocks of smaller companies—which tend to be more sensitive than large-caps to the economy and interest rate movements—were hurt by diminished expectations for Federal Reserve rate cuts this year stemming from persistent inflation. The Fed kept short-term interest rates unchanged, as expected, at its mid-June policy meeting. However, Fed officials lowered their projections for interest rate reductions this year from two to one.

Developed European markets pulled back as political uncertainty, challenging economic data, and rising trade tensions with China weighed on investor sentiment. Markets were shocked by French President Macron's unexpected call for snap elections following a stronger-than-expected performance by far-right Marine Le Pen's National Rally in the EU elections, which will likely dramatically reshape France's political makeup. In the UK, the country was gearing up for its July 4 election, though it is widely expected that the Labour Party will win a significant majority. On the eurozone economic front, the European Central Bank cut rates for the first time since September 2019; however, policymakers left uncertain the possibility of additional rate cuts for the remainder of the year. Mixed economic data for the eurozone did not help to assuage investors' uncertainty over rate cuts.

Developed Asian markets were modestly negative over the period. Hong Kong was among the worst performers, with New Zealand and Japan delivering more modestly negative results. On the other hand, Australia and Singapore were positive. Within Japan, the yen slid to its lowest level since 1986. The monetary policy outlook remained cloudy as the Bank of Japan's (BoJ's) June meeting had a surprisingly dovish tone. Policymakers left interest rates unchanged and maintained bond purchases, for now. The plans to reduce bond buying will reportedly be revealed at the July meeting. BoJ Governor Ueda said that a July interest rate hike is possible and that the central bank is likely to reduce its security purchases by a "considerable volume."

Emerging market stocks gained ground and outperformed their developed market peers as expectations for central bank rate cuts and geopolitical uncertainty in a number of developed countries helped make emerging markets appear to be a more attractive investment. Emerging Asia was among the best performers, driven partly by strength in Taiwan, which gained from an AI-driven rally in technology stocks. Indian equities also gained as Prime Minister Narendra Modi secured a third term in power following closer-than-expected election results. However, Chinese equities sank as concerns about its prolonged property downturn and persistent deflationary pressures curbed risk appetite. Latin American markets declined, with negative performance across all major countries. Emerging European markets were broadly flat.

Sector performance in the MSCI World Index ex-Australia was mixed. Information technology was by far the strongest performer, followed by communication services and consumer discretionary. On the negative side, utilities, materials, and industrials and business services were the worst performers.

FUND REVIEW

The portfolio underperformed the MSCI World ex Australia Index Net for the one-month period ended June 30, 2024. At the sector level, sector allocation detracted the most from relative performance, while stock selection was positive. An underweight to the information technology sector detracted the most from relative returns. An overweight to the industrials and business services sector also weighed on relative results. On the positive side, our lack of exposure to consumer staples contributed to relative performance. At the regional level, stock picks in North America detracted the most, while holdings in emerging markets contributed.

OUTLOOK

The global economy has been surprisingly resilient, particularly in the U.S., and inflation has been stickier than policymakers originally anticipated, meaning that interest rates have stayed higher for longer and will likely continue to stay higher in the near future. That being said, we are seeing signs of some deceleration, with inflation cooling and economic data moderating, though at a slow pace, which is an encouraging sign for a "soft landing." It appears that the risk of a recession or hard landing is decreasing, and in fact, some areas, like manufacturing, are starting to see reacceleration after nearly 18 months of modest contraction. Manufacturing activity is generally considered a harbinger of broader economic activity, which means that there is a non-zero possibility that the global economy actually begins to reaccelerate and central banks may need to raise rates rather than cut. We think that is the biggest risk to the stock market.

While our portfolio is not driven by macro views, the current environment offers a good use case for our investing philosophy: focusing on idiosyncratic stock picking and balancing style and cyclical exposures with the intention of neutralizing macro variable exposures. In our view, this is crucial to providing long-term value add for clients. We think owning companies that have pricing power and that have an idiosyncratic change story where they are improving and becoming more efficient while operating in a benign industry is the theme that can work no matter the market environment. However, right now the portfolio has exposure to several other large themes that are dominating the market: artificial intelligence, GLP-1s, and electrification. These are all areas that are accelerating, have companies with strong pricing power, and are disrupting industries. However, we also have exposure to areas such as housing, which has been congested due to high rates but where there is enormous pent-up demand that could explode if interest rates decrease. We also have exposure to factory automation and health care bioprocessing, industries that have been cyclically depressed but that are poised for reacceleration. While there are risks in these areas, we are also getting paid to take that risk, and this helps balance out the portfolio.

Our portfolio continues to have a quality bias, which we think makes us well positioned given the persistent macro uncertainty we are seeing in the global and geopolitical landscape. Within our three style buckets, we continue to be overweight durable growers but still have exposure to disruptors and cyclicals and turnarounds. Overall, we remain true to our investment framework, are avoiding portfolio-defining macro variable exposures, and are leveraging our research advantage through bottom-up stock picking, with a focus on high-quality, world-leading companies that possess strong pricing power and differentiated service capabilities or products.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on +61 2 8667 5700 or visit www.troweprice.com

FUND INFORMATION

APIR	ETL8650AU
Inception Date	15 December 2021
Benchmark	MSCI World Index ex-Australia Net (unhedged) (AUD)
Management Fees and Cost^	0.85% p.a.
Distribution	Annually
Buy/Sell	Buy +0.15% / Sell -0.05%
Total Assets	$4,021,618 AUD

^The Management Fee for the T. Rowe Price Concentrated Global Equity Fund - I Class is 0.75% p.a. and the Indirect Cost is 0.10% p.a. Full details of other fees and charges are available within the Fund's Product Disclosure Statement and Reference Guide.

ADDITIONAL DISCLOSURES

Unless indicated otherwise the source of all data is T. Rowe Price.

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 with tracking error, which measures the standard deviation of the difference in a manager's returns versus the index 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 information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the fund.

Source for Sector Diversification: T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc, ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by T. Rowe Price. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any or such standard or classification, Without limiting any or the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, all data is as of the report production date.

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A Target Market Determination for each T. Rowe Price Australian Unit Trust (or class of units in a Trust) is available here (www.eqt.com.au/insto [eqt.com.au]). It describes who the financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where Equity Trustees Limited, the responsible entity of the T. Rowe Price Australian Unit Trusts may need to review the Target Market Determination for the financial product.

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