



AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Australian Equity Fund – S Class

As of 31 March 2024



Portfolio Manager:

Randal Jenneke

Joined Firm:

2010

Investment Experience:

32 Years

INVESTMENT OBJECTIVE

The Fund's investment objective is long-term capital appreciation through investment primarily in a portfolio of securities of Australian companies listed on the S&P/ASX 200 Total Return Index (ASX200). The portfolio will include the securities of a broad range of companies across the market capitalisation.

TOP 10 HOLDINGS (%)

	% of Fund	S&P/ASX 200 Total Return Index (AUD)
Bhp	11.4	9.6
CSL	9.3	5.9
Westpac Banking	6.3	3.9
Woodside Energy	5.7	2.5
Aristocrat Leisure	5.4	1.2
Brambles	5.1	1.0
Goodman Group	4.1	2.5
Telstra	3.9	1.9
ResMed	3.8	0.8
Insurance Australia	3.6	0.7

SECTOR EXPOSURE (%)

	% of Fund	Fund vs. S&P/ASX 200 Total Return Index (AUD)
Financials	19.1	-11.2
Materials	14.6	-7.4
Health Care	13.2	3.6
Communication Services	10.3	6.5
Consumer Discretionary	9.8	2.6
Industrials & Business Services	8.3	1.5
Energy	5.7	0.8
Information Technology	4.2	1.2
Real Estate	4.1	-2.8
Consumer Staples	3.4	-0.7
Miscellaneous	0.4	0.4

PORTFOLIO CHARACTERISTICS

	Fund	S&P/ASX 200 Total Return Index (AUD)
Number of Issuers	29	200
Top 20 Issuers as Percent of Total	82.6%	62.3%
Percent of Portfolio in Cash	6.8%	-
Portfolio Turnover (12 Months)	52.2%	-
Active Share	54.0%	-

PERFORMANCE

	Annualised						Since Share Class Inception 22 Jan 2019 (Annualised)
	One Month	Three Months	Year-To-Date	One Year	Three Years	Five Years	
T. Rowe Price Australian Equity Fund – S Class (Net –AUD)*	1.76%	5.22%	5.22%	11.40%	6.40%	7.42%	7.99%
S&P/ASX 200 Total Return Index (AUD)	3.27	5.33	5.33	14.45	9.62	9.15	10.27
Value Added (Net)**	-1.51	-0.11	-0.11	-3.05	-3.22	-1.73	-2.28

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

*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.

Index returns shown with gross dividends reinvested.

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.

**The Value Added is shown as the Fund (Net) minus its Index.

FUND REVIEW

Australian equities rose in March, building on the gains seen in January and February. However, they underperformed developed and emerging markets in local currency terms for the month.

The top performing sectors for the month included real estate investment trusts (REITs), energy, and utilities. The key underperforming sectors were communication services, consumer discretionary, and health care. Energy prices rose on the back of resilience in economic growth and some geopolitical risk being priced in due to escalating tensions in the Middle East. Iron ore prices continued to decline amid ongoing concerns about Chinese economic growth and the outlook for the country's property sector. 10-year U.S. Treasury bond yields dipped slightly by 4 basis points* to 4.20%. Similarly, Australian 10-year bond yields fell by 17 basis points* to 3.97%. The Australian dollar strengthened modestly against the U.S. dollar.

PORTFOLIO HIGHLIGHTS

The T. Rowe Price Australian Equity Fund underperformed the benchmark in March. Notable underperformers were Pilbara Minerals, Aristocrat, and SEEK. Good performances were posted by ResMed, Goodman Group, and Brambles.

Pilbara Minerals underperformed on the back of continued concerns over soft lithium demand. This weakness is principally related to a slowdown in electric vehicle (EV) sales outside of China. Demand weakness has translated into declining lithium prices and hurt the share prices of producers such as Pilbara. We are starting to see subdued lithium prices curtailing supply. While we expect lithium markets to go through a period of further rebalancing, we think lower cost producers, such as Pilbara, to emerge in a much stronger position and be well placed to take advantage of the trend towards electrification.

Brambles outperformed for the month, with the market continuing to recognise the operational improvements in the business in recent years. The company has been able to successfully reprice its different sales channels to bring them to acceptable levels of profitability. Additionally, better management of the pallet pool has translated into improved asset efficiency and hence better margins and returns on capital. Despite the improvement in operational performance of the business, this has not been fully reflected in the valuation, with the company trading below longer-term historical levels. As a result, we believe Brambles continues to be attractive from a longer-term perspective.

OUTLOOK

Markets have quickly shifted to an expectation of interest rate cuts in 2024. While inflation is moderating the key questions remains: to what level and how quickly? Expectations of near-term rate cuts look premature, particularly if we get a reacceleration in activity caused by the loosening of financial conditions seen in recent months. It is likely we will be stuck in a period of subdued economic and earnings growth and greater market volatility. Australia is lagging the interest rate cycle of other economies and therefore is much less likely to cut rates any time soon. Additionally, the acceleration of wage growth will need to be carefully monitored, particularly given the parlous state of Australia's productivity performance.

We continue to be cautious on earnings growth, particularly from the more cyclical sectors of the market. We maintain a defensive posture in the face of these risks and continue to selectively look for opportunities in oversold quality growth names with strong valuation appeal. We continue to expect the more cyclical parts of the market to come under earnings pressure, which should see quality and defensive growth companies outperform as their earnings will likely be more resilient.

*A basis point is 0.01 percentage points.

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 necessarily represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700.

FUND INFORMATION

Minimum investment amount	\$50,000 AUD
APIR	ETL0493AU
ARSN	155 367 481
ISIN	AU60ETL04933
Inception Date	22 January 2019
Benchmark	S&P/ASX 200 Total Return Index (AUD)
Management Fees [^]	0.80% p.a.
Distribution	Annually
Buy/Sell	Buy +0.05% / Sell -0.05%

[^]The Management Fee for the T. Rowe Price Australian Equity Fund is 0.80% p.a. and the Indirect Cost is 0.00% 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.

Source for S&P data: Copyright © 2021, S&P Global Market Intelligence (and its affiliates, as applicable). Reproduction of S&P/ASX 200 Total Return Index in any form is prohibited except with the prior written permission of S&P Global Market Intelligence ("S&P"). None of S&P, its affiliates or their suppliers guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions, regardless of the cause or for the results obtained from the use of such information. In no event shall S&P, its affiliates or any of their suppliers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of S&P information.

The information shown does not reflect any 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 (Licensee). 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.

IMPORTANT INFORMATION

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298 AFSL 240975) is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Stock Exchange (ASX:EQT). Equity Trustees and T. Rowe Price Australia Limited ("TRPAU") (ABN: 13 620 668 895 and AFSL: 503741) are, respectively, the responsible entity and investment manager of the T. Rowe Price Australian Unit Trusts.

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). 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.

Past performance is not a reliable indicator of future performance. The price of any fund may go up or down. Investment involves risk including a possible loss to the principal amount invested. For general information purposes only, does not take into account the investment objectives, financial situation or needs of any particular investor. For further details, please refer to each fund's product disclosure statement and reference guide which are available from Equity Trustees (www.eqt.com.au/insto) and TRPAU (www.troweprice.com.au/investor).

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 noted on the material 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.

This document has been prepared without taking account of any person's individual objectives, financial situation or needs. A person should, before making any investment decisions, consider the appropriateness of the information in this document and seek independent professional advice having regard to their objectives, financial situation and needs.

Any person should consider the relevant product disclosure statement ("PDS") in relation to the fund(s) named in this document (if any) before making a decision in relation to the relevant product. Contact Equity Trustees Limited, the responsible entity and T. Rowe Price Australia Limited, the investment manager, for a copy of the PDS.

© 2024 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.

202404-3495655

202404-3501607