

PORTFOLIO UPDATE

# Global Impact Equity Fund

As of August 31, 2024



**Portfolio Manager:**

Hari Balkrishna

**Joined Firm:**

2010

**FUND INFORMATION**

Symbol	TGPEX
CUSIP	87281D793
Inception Date of Fund	March 15, 2021
Benchmark	MSCI All Country World Index Net
Expense Information (as of the most recent Prospectus)*	2.43% (Gross) 0.94% (Net)
Fiscal Year End	October 31
12B-1 Fee	—

\*The fund operates under a contractual expense limitation that expires on February 28, 2025.

**PERFORMANCE**

(NAV, total return)

	One Month	Three Months	Year to Date	One Year	Annualized		
					Two Years	Three Years	Since Inception 3/15/21
Global Impact Equity Fund	4.49%	6.84%	11.42%	14.66%	14.10%	-1.51%	2.81%
MSCI All Country World Index Net	2.54	6.51	15.97	23.44	18.60	5.77	8.01

The 1-year and since inception annualized returns as of 06/30/24 were 5.96% and 1.03% for the fund. Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](http://troweprice.com).

The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

Share prices are subject to market risk, including loss of the money you invest. In addition, there are risks associated with unfavorable currency exchange rates and political or economic uncertainty abroad.

The fund may not succeed in generating a positive environmental or social impact. A company's ability to affect positive impact or T. Rowe Price's assessment of a company's positive social and environmental impact may change over time, which could cause the fund to temporarily hold securities that are not consistent with the fund's responsible investment principles.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

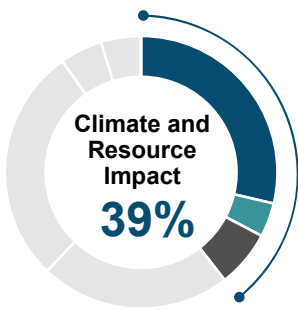
**TOP 10 ISSUERS**




Comprising 26.3% of total net assets.

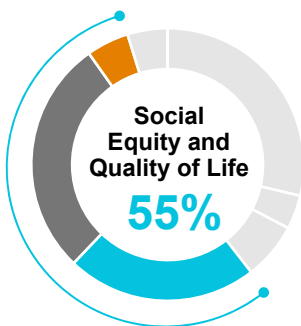
Issuer	Country	Industry	% of Fund	Impact Pillar	Sub Pillar
Eli Lilly and Co	United States	Pharmaceuticals	4.0%	Social Equity & Quality of Life	Improving health
Linde PLC	United States	Chemicals	2.9	Climate & Resource Impact	Reducing GHGs
Thermo Fisher Scientific	United States	Life Sciences Tools & Services	2.9	Social Equity & Quality of Life	Improving health
ASML Holding	Netherlands	Semiconductors & Semiconductor Equipment	2.8	Sustainable Innovation & Productivity	Sustainable technology
Danaher	United States	Life Sciences Tools & Services	2.5	Social Equity & Quality of Life	Improving health
Roper Technologies	United States	Industrial Conglomerates	2.5	Climate & Resource Impact	Reducing GHGs
Intuitive Surgical	United States	Health Care Equipment & Supplies	2.3	Social Equity & Quality of Life	Improving health
Waste Connections	United States	Commercial Services & Supplies	2.2	Climate & Resource Impact	Reducing GHGs
AstraZeneca	United Kingdom	Pharmaceuticals	2.1	Social Equity & Quality of Life	Improving health
Stryker	United States	Health Care Equipment & Supplies	2.1	Social Equity & Quality of Life	Improving health




## PORTFOLIO HOLDINGS BY IMPACT SUB-PILLAR

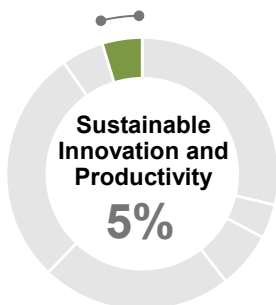
As of August 31, 2024





-  Reducing Greenhouse Gases (GHGs) 28.4%
-  Promoting Healthy Ecosystems 4.0
-  Nurturing Circular Economies 6.7



-  Enabling Social Equity 22.4%
-  Improving Health 27.8
-  Enhancing Quality of Life 5.0



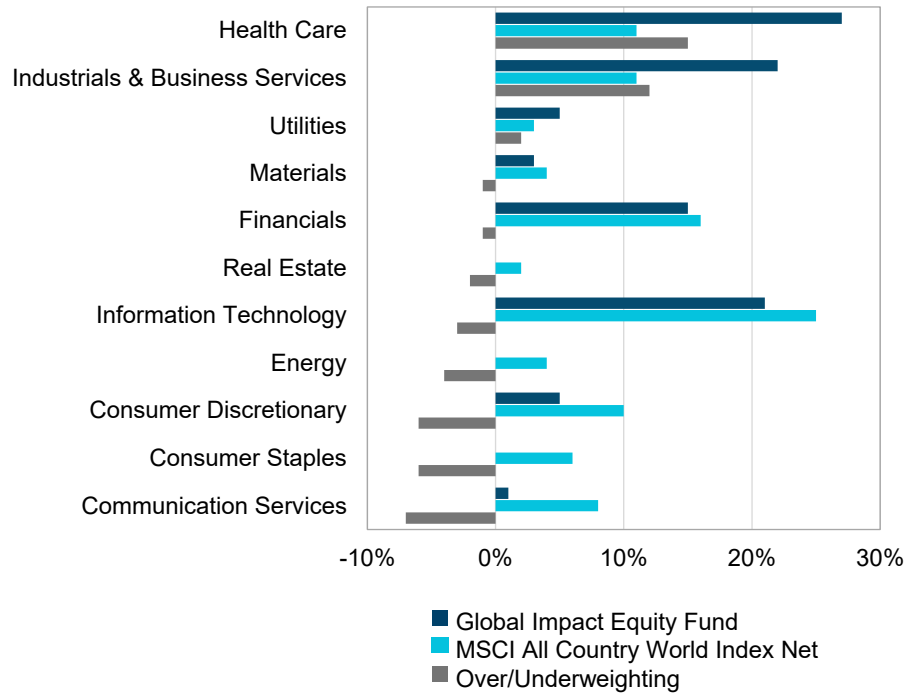
-  Sustainable Technology 4.7%
-  Building Sustainable Industry and Infrastructure 0.0

## SECTOR AND REGION POSITIONING

### Global Impact Equity Fund vs. MSCI All Country World Index Net

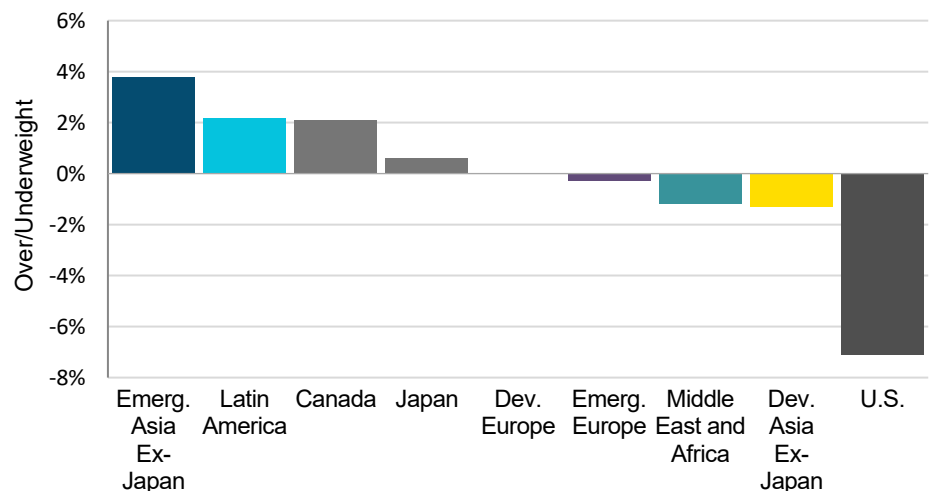
#### RELATIVE SECTOR WEIGHTS

As of August 31, 2024



#### RELATIVE REGION WEIGHTS VS. MSCI ALL COUNTRY WORLD INDEX NET

As of August 31, 2024



Cash weight was 1.11% as of August 31, 2024.

**GEOGRAPHICAL DIVERSIFICATION**

	Asia Ex Japan	Latin America	Japan	Europe	Middle East & Africa	North America
Global Impact Equity Fund	12.9%	3.1%	5.8%	15.1%	0.0%	62.0%
MSCI All Country World Index Net	10.5	0.9	5.2	15.3	1.2	67.0
<b>Over/Underweight</b>	<b>2.4</b>	<b>2.2</b>	<b>0.6</b>	<b>-0.2</b>	<b>-1.2</b>	<b>-5.0</b>

**SECTOR DIVERSIFICATION**

	Health Care	Indust & Bus Svcs	Utilities	Materials	Financials	Real Estate	Info Tech	Energy	Cons Disc	Cons Stpls	Comm Svcs
Global Impact Equity Fund	26.8%	22.3%	5.0%	2.9%	15.2%	0.0%	21.5%	0.0%	4.6%	0.0%	0.5%
MSCI All Country World Index Net	11.4	10.6	2.6	4.0	16.2	2.2	24.6	4.2	10.2	6.4	7.5
<b>Over/Underweight</b>	<b>15.4</b>	<b>11.7</b>	<b>2.4</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-2.2</b>	<b>-3.1</b>	<b>-4.2</b>	<b>-5.6</b>	<b>-6.4</b>	<b>-7.0</b>

**PORTFOLIO CHARACTERISTICS**

	Global Impact Equity Fund	MSCI All Country World Index Net
Number of Issuers	63	2679
Investment Weighted Median Market Cap (mm) (USD)	\$64,122	\$122,189
Price to Earnings (12 Months Forward) <sup>1,2,*</sup>	30.4X	23.2X
Price to Book (trailing) <sup>1</sup>	6.0X	8.0X
Projected Earnings Growth Rate (3-5 Years) <sup>1,2,*</sup>	11.3%	11.1%
Return on Equity (Last 12 Months excl. charges) <sup>1</sup>	16.4%	26.7%
Top 20 Issuers as Percent of Total	45.0%	28.1%
Percent of Portfolio in Cash	1.11%	—

<sup>1</sup> Investment Weighted Median.

<sup>2</sup> These statistics are based on the fund's underlying holdings and are not a projection of future portfolio performance. Actual results may vary.

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**Market Review**

US stocks gained in August. The month began with sharp losses stemming in part from weaker-than-expected U.S. labor market and manufacturing data and a belief that the Federal Reserve (Fed) may have made a policy error by not reducing short-term interest rates at its late-July meeting. There were also concerns that stocks of companies associated with artificial intelligence had reached unsustainably high valuations, as well as volatility in the Japanese market stemming from a stronger yen and an unexpected increase in short-term interest rates at the end of July.

Toward the end of the month, Fed Chair Jerome Powell expressed his belief at the Kansas City Fed's annual Jackson Hole economic symposium that "the time has come" for policymakers to reduce short-term rates to avoid "further cooling in labor market conditions." This raised hopes that the Fed would achieve a "soft landing" for the economy, in which growth slows but the economy does not fall into recession.

European shares were buoyed by positive corporate earnings and optimism about falling interest rates. Still, political jitters and escalating trade tensions between the European Union and China weighed on sentiment.

Around the start of the month, Japan's stock markets experienced the most severe one-day selloff in decades, driven by a rebounding yen on the back of the Bank of Japan's hawkish turn at its July meeting, where it both raised interest rates and detailed plans to taper its bond purchases. Concerns about slowing global growth dampened risk appetite and investors continued the rapid unwinding of the yen carry trade.

**Fund Review**

The fund outperformed its benchmark. Eli Lilly, a U.S. pharmaceutical company whose product portfolio generates impact by helping consumers manage diabetes and address obesity, was a top contributor to relative returns. The company's very strong second-quarter earnings were driven by its key franchises broadly beating expectations, a partial replenishment of U.S. inventory, and strong margin expansion. Fortinet also added value. Shares of the provider of network security to prevent cybersecurity and/or ransomware attacks rallied on the back of solid results. Conversely, Trex, which helps reduce waste by manufacturing wood-alternative decking and railing products for residential real estate that are made of reclaimed and recycled product content, detracted from relative returns. Weakness in end demand and ramp-up costs associated with new capacity have been a headwind. Ingersoll Rand, a producer of air compressors and air treatment

products which helps improve energy efficiency and reduce the associated greenhouse gas emissions in industrial end markets, was another laggard. The company recently reduced its organic growth guidance on China weakness.

**Outlook**

As the narrow leadership of the so-called "Magnificent 7" U.S. mega-cap technology-oriented stocks (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) continues, we keep our focus on building a balanced portfolio and finding idiosyncratic stock impact opportunities that should provide earnings resilience through the economic cycle.

Five impact themes we are excited about this year are: (1) decarbonization beyond renewables; (2) Climate Adaptation; (3) GLP-1 weight loss drugs; (4) artificial intelligence (AI), and (5) a Just Transition.

(1) Decarbonization has been among the most invested ESG themes in a period of lower interest rates. Recently, a higher cost of capital and stock-specific issues have been challenging for the renewables sector. However, decarbonization goes beyond renewable energy producers and we aim to discover companies with idiosyncratic profiles such as Hubbell, which is exposed to several secular trends (grid modernization and electrification) or Waste Connections, a leading waste management company in North America which operates in an industry with stable demand and good pricing power driven by high barriers to entry.

(2) As it becomes more and more apparent that net zero targets are unlikely to be met by 2050, investors need to be pragmatic and look at Climate Adaptation solutions, which look at adapting to and protecting communities against the consequences of climate change. Examples include solutions that are linked to improved agricultural resilience (Deere), protection against climate change risk, and improved power resilience.

(3) GLP-1s are likely to continue to be a major theme thanks to a rapid expansion which will be driven by capacity increases, new product launches such as oral medication, improving reimbursement/access, and geographic expansion. The increasing use of GLP-1s should also positively impact industries such as medical technology.

(4) We believe that AI can be a positive enabler for most of the United Nations Sustainable Development Goals (UN SDGs) targets. Our Climate and Resource pillar can benefit from AI analytical and predictive capabilities in fields such as power grid optimization and reliability, where

they can help improve agricultural and manufacturing processes. In health care, machine learning technologies can assist in drug discovery and diagnostic processes, leading to earlier detection of diseases. On the social side, AI can bolster the growth of small and medium-sized enterprises (SMEs) via software applications. However, the growing importance of AI may lead to increased inequality due to the uneven distribution of computing resources worldwide. It is also important to monitor and evaluate the environmental risks that can be associated with AI adoption. The sheer energy demand required to run AI data centres 24 hours a day is putting huge pressure on resources. Companies that help manage datacentre infrastructure, including cooling solutions such as Vertiv to help handle thermal loads and power management systems will likely become ever more important.

(5) As defined by the International Labour Organisation, a Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind. We expect a greater focus on a Just Transition in the coming years to create investment opportunities in companies linked to our Enhancing Quality of Life sub-pillar, aligned to SDG 8 (decent work). As the transition to a net-zero economy occurs, companies must recruit, re-skill and up-skill employees in new technologies. Occupational safety and health in resource-heavy industries are also a core component of Just Transition and therefore we expect companies that provide worker protection, such as MSA Safety to benefit.

**ADDITIONAL DISCLOSURES**

**Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-877-804-2315 or visit [troweprice.com](https://troweprice.com). Read it carefully.**

Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price's internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund's accountant.

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

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T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.

T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

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

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

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