

T. Rowe Price

Concentrated Global Equity Strategy¹

A concentrated, style-balanced global equity portfolio

Portfolio snapshot

- An actively managed, style-balanced, high conviction global equity strategy that aims to deliver consistent positive excess returns over a full market cycle
- Seeks to invest in strong businesses with durable competitive advantages across a wide spectrum of companies
- Primary focus on profitable, mature businesses in mid to large cap securities with sustainable moats and competent management

Asset class	Global equities
Benchmark	MSCI World ex-Australia Index Net
Portfolio Manager	Peter Bates
Style	Core
No. of holdings	Typically 30-45

Strategy overview



"We want to own durable and resilient companies with clear reasons why we expect them to continue to win in the future."

Peter Bates | Portfolio Manager

The T. Rowe Price Concentrated Global Equity Strategy is a global, style-balanced, concentrated portfolio with a focus on high quality, industry-leading companies that we believe can perform well in any market. We build the portfolio from the bottom-up, with a focus on idiosyncratic opportunities while seeking to neutralise portfolio-defining exposures to macro variables and factors.

Given our ability to invest across the broad geographic and sectoral universe, we use our extensive global research platform to help maximise our opportunity set. With a framework emphasising business quality and risk control, we are focused on stock-specific outcomes rather than macro-specific outcomes. Within the portfolio, we predominantly own steady growers with long growth runways that can durably compound over time, but also have exposure to disruptors with the potential to deliver outlier returns, and cyclicals and turnarounds where fundamentals are inflecting.

ESG considerations are an important component in assessing quality and long-term sustainability of the companies in which we invest², but above all, we focus on investing in profitable, mature, and globally established businesses that are well managed and capable of generating solid revenue and cash flow; qualities we believe can create long-term shareholder value, regardless of the market environment.

Reasons to consider



High Conviction Portfolio

Harnesses the best ideas from our deep global research team into a high conviction portfolio of typically 30-45 holdings, while integrating both absolute and relative risk control.



Style-balanced Approach

A core portfolio that incorporates ideas across the style spectrum that we believe should do well in all market environments.



Global Expertise

Capitalises on our experienced global research team, and long-term relationships with companies to gain informational insights across a wide spectrum of companies.

Our global equity advantage



Quick takeaways

- T. Rowe Price has the experience, resources, and capabilities to effectively manage global equity portfolios
- We believe using our expansive global research capabilities across fundamental and responsible investing and leveraging our long-term firmwide insights can assist us in uncovering and exploiting anomalies across the style spectrum within the global equity universe
- A portfolio manager with the global experience and tested framework for consistent decision making

We believe that active management, driven by bottom-up fundamental research, can uncover opportunities regardless of the market environment. We further believe that our research advantage can best identify durable and improving businesses and that we can own them with conviction when the balance of risk and return is favourable.

Our information edge

T. Rowe Price has one of the industry's strongest commitments to in-house research. We aim to bring our clients better insights through deep industry expertise, which we believe can lead to stronger long-term investment results.

The investment process behind the Concentrated Global Equity Strategy is designed to take maximum advantage of the firm's broad geographic and industry capabilities. Our global research team provides the breadth of resources and cross-collaboration needed to help uncover opportunities across a wide universe. The team also includes our Responsible Investing team which leverages proprietary analysis to provide research and insights on current and evolving ESG issues impacting individual securities.

Ultimately, we want to invest in quality business that can generate growth in earnings and free cash flow in excess of expectations and buy them at good to fair valuations.

Key to this objective is to garner a deep qualitative understanding of the industry and competitive dynamics, as

well as company-specific attributes. It's important not just to understand the status quo, but also acknowledge and anticipate change. We want to own durable and resilient companies with clear reasons why we expect them to continue to win in the future.

That's why we place so much importance on gaining familiarity with company management and seeking to understand how they think on topics like capital allocation so we can more accurately predict how they will act and respond to future change.

Experience at the helm

Portfolio Manager Peter Bates has over 20 years of investment experience and has been with T. Rowe Price since 2004. As a former industrials analyst, global industrials sector portfolio manager and sector team lead, he brings a global perspective, an analyst's discipline of research, and a deep understanding of the business economics and operational strengths that make companies successful.

Throughout his tenure at T. Rowe Price, he has formed deep relationships with other portfolio managers and analysts from around the globe, including those with sector and regional specialties. His experience leveraging the firm's global research platform and knowledge of multinational companies, we believe, makes Peter well placed to manage a concentrated, yet globally sector-diversified, portfolio.

Fig 1: Concentrated Global Equity Strategy – Stock Selection Is Focused on Identifying Strong Businesses



Our investment approach



Quick takeaways

- A high active share³ portfolio that emphasises bottom-up stock-picking and seeks to minimise excessive factor bets*
- We seek to build a truly global portfolio-diversified across style, market cap, sectors and regions-that aims to deliver alpha⁴ irrespective of cycle or market leadership
- Multi-dimensional risk management is an integral part of our investment process

Style-balanced portfolio

We apply a consistent investment framework in striving to build a high-conviction, concentrated portfolio of strong businesses with durable competitive advantages across a wide spectrum of companies. These companies can be disruptors, steady growers, or cyclicals and turnarounds (see Fig. 2).

The portfolio seeks to have meaningful exposure to steady growth but could be overweight disruptors or cyclical turnarounds at times depending on market opportunities. Constructing a style-balanced portfolio is how we believe we will be able to add value for clients over the long term, regardless of the market environment.

Fig. 2: Style-Balanced Approach Enables Opportunities To Add Value In All Market Environments



Multidimensional Risk Management Lens

The portfolio seeks to find the right balance between conviction and diversification in pursuit of returns. We expect the majority of portfolio risk (approximately 60%–80%) to come from stock-specific risk. Stock-specific risk is managed through fundamental and ESG analysis, evaluation of management quality, and valuation discipline. Country and sector weightings are derived from our bottom-up stock selection.

Our valuation framework and knowledge of a company's fundamental and ESG merits help us manage idiosyncratic risk. We seek to manage position sizes and individual security characteristics to build a balanced portfolio and diversify risk without sacrificing returns.

At a macro level, our multidimensional approach to risk management helps us to neutralise portfolio-defining macro variable exposures with the goal of avoiding unintended bets.**

* As an example, factors could include economic trends, interest rates, inflation, growth vs. value stocks, market volatility, and sector or geographical preferences.

** The Portfolio Manager focuses on individual stock selection without letting broader macro factors/market environment or thematic trends create outsized influence on the portfolio's performance.

How to access

Available to Australian investors as a Australian Unit Trust or a Separately Managed Account, please speak with your financial adviser or T. Rowe Price Relationship Manager.

Additional disclosures

¹ This strategy is offered as Global Select Equity in other regions.

² For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

³ Active share represents the portion of portfolio holdings that differ from an index.

⁴ Alpha compares risk-adjusted performance relative to an index. Positive alpha means outperformance on a risk-adjusted basis.

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