AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Australian Equity Fund – I Class

As of 31 January 2024

Portfolio Manager:
Randal Jenneke

Joined Firm:
2010

Investment Experience:
32 Years

Morningstar Medalist Rating™:
As of 31/12/2023
Data Coverage 96%
Analyst-Driven 10%

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.

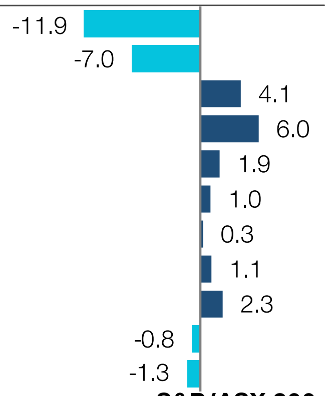
TOP 10 HOLDINGS (%)

	% of Fund	S&P/ASX 200 Total Return Index (AUD)
Bhp	12.6	10.5
CSL	10.2	6.4
National Australia Bank	8.6	4.5
Woodside Energy	6.3	2.7
Aristocrat Leisure	5.8	1.3
Goodman Group	5.2	1.9
Brambles	4.4	0.9
ResMed	3.9	0.6
Telstra	3.7	2.0
Transurban	3.4	1.8

SECTOR EXPOSURE

	% of Fund
Financials	17.5
Materials	16.7
Health Care	14.0
Communication Services	9.9
Consumer Discretionary	8.8
Industrials & Business Services	7.7
Real Estate	6.5
Energy	6.3
Information Technology	4.6
Consumer Staples	3.3
Utilities	0.0

Fund vs. S&P/ASX 200 Total Return Index (AUD)



PORTFOLIO CHARACTERISTICS

	Fund	S&P/ASX 200 Total Return Index (AUD)
Number of Issuers	29	200
Top 20 Issuers as Percent of Total	85.0%	63.3%
Percent of Portfolio in Cash	4.4%	–
Portfolio Turnover (12 Months)	61.0%	–
Active Share	55.4%	–

PERFORMANCE

	One Month	Three Months	Year-to-date	One Year	Annualised Three Years	Annualised Five Years	Annualised Ten Years	Annualised Since Fund Inception
T. Rowe Price Australian Equity Fund – I Class (Gross – AUD)*	0.87%	10.38%	0.87%	4.81%	6.79%	8.53%	7.65%	9.40%
T. Rowe Price Australian Equity Fund – I Class (Net – AUD)**	0.82	10.22	0.82	4.18	6.16	7.89	6.93	8.63
S&P/ASX 200 Total Return Index (AUD)	1.19	13.99	1.19	7.09	9.56	9.71	8.39	9.37
Value Added (Gross) [1]	-0.32	-3.61	-0.32	-2.28	-2.77	-1.18	-0.74	0.03
Value Added (Net) [2]	-0.37	-3.77	-0.37	-2.91	-3.40	-1.82	-1.46	-0.74

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.

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.

[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.

FUND REVIEW

The Australian equity market rose in January, following on from its strong performance in the last quarter of 2023. The market outperformed both developed and emerging markets in local currency terms for the month.

The top performing sectors included energy, financials, and health care while the key underperforming areas were materials, utilities, and consumer staples. Energy prices rose for the first time in four months. Iron ore prices were largely flat for the month and remain at elevated levels, on expectations that Beijing will implement further measures to stabilise and lift Chinese growth as well as seasonal restocking. 10-year U.S. Treasury bond yields rose by 7 basis points* to 3.95%, with the market continuing to price in interest rates cuts there starting in the first half of 2024. Similarly, Australian 10-year bond yields rose by 6 basis points* to 4.02%. The Australian dollar fell on the back of U.S. dollar strength.

PORTFOLIO HIGHLIGHTS

The T. Rowe Price Australian Equity Fund underperformed the benchmark in January. Notable underperformers were Domino's Pizza Enterprises, Pilbara Minerals, and BHP. Good performances were posted by ResMed, Aristocrat Leisure, and Brambles.

Domino's Pizza Enterprises fell significantly following a profit warning. Despite improving sales momentum in Domino's Australian and New Zealand business, there was significant volume and margin pressure in both its Asian and French businesses. Despite this near-term disappointment, we believe the business is at the bottom of its profit cycle, with sales and margin recovery expected going forward. Additionally, valuation remains attractive, particularly following the share price fall.

In contrast, ResMed was a strong performer following its better-than-expected second-quarter profit result. This was driven by a combination of higher unit sales volumes and better cost control. The company also produced additional information on the impact of weight loss GLP-1 drugs on its business. Data released showed greater use or compliance among continuous positive airway pressure (CPAP) machine users who took GLP-1 drugs, compared to those who don't, rather than a reduction as some observers in the market had feared. Given the attractive valuation of the company and strong growth potential, ResMed remains a core holding in the strategy.

OUTLOOK

Markets have quickly shifted to an expectation of interest rates cuts in 2024. While inflation is moderating, the key questions remain: 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 be cutting 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

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	ETL0328AU
Inception Date	04/26/2012
Benchmark	S&P/ASX 200 Total Return Index (AUD)
Management Fees^	0.60% p.a.
Distribution	Annually
Buy/Sell	Buy +0.05% / Sell -0.05%
Total Assets	$66,788,968 AUD

^The Management Fee for the T. Rowe Price Australian Equity Fund is 0.60% 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.

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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.

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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). 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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