AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Global Equity Fund – M Class

As of 31 January 2024

Portfolio Manager:
R. Scott Berg

Joined Firm:
2002

Investment Experience:
21 Years

Morningstar Medalist Rating™:
As of 28/02/2023
Analyst-Driven %
100
Data Coverage %
100

HIGHLY RECOMMENDED

INVESTMENT OBJECTIVE

The Fund's objective is to provide long-term capital appreciation by investing primarily in a portfolio of securities of companies which are traded, listed or due to be listed, on recognised exchanges and/or markets throughout the world. The portfolio may include investments in the securities of companies traded, listed or due to be listed, on recognised exchanges and/or markets, of developing countries.

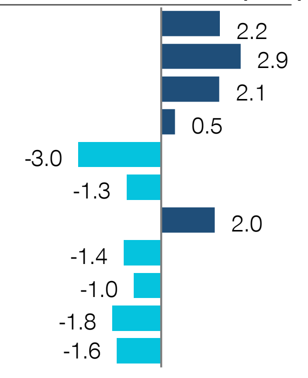
TOP 10 HOLDINGS

	Country	Industry	% of Fund
Microsoft	United States	Software	4.7%
NVIDIA	United States	Semiconductors & Semiconductor Equipment	3.6
Apple	United States	Technology Hardware, Storage & Peripherals	3.6
Amazon.com	United States	Broadline Retail	3.0
Alphabet	United States	Interactive Media & Services	2.7
Eli Lilly and Co	United States	Pharmaceuticals	1.9
Roper Technologies	United States	Industrial Conglomerates	1.9
Charles Schwab	United States	Capital Markets	1.3
Linde PLC	United States	Chemicals	1.3
Sumber Alfaria Trijaya	Indonesia	Consumer Staples Distribution & Retail	1.2

SECTOR EXPOSURE

	% of Fund
Information Technology	26.0%
Financials	18.6
Industrials & Business Services	12.9
Health Care	12.0
Consumer Discretionary	7.8
Communication Services	6.3
Materials	5.8
Consumer Staples	5.4
Energy	3.5
Utilities	0.8
Real Estate	0.6

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



PERFORMANCE

	One Month	Three Months	Year-to-Date	One Year (Annualised)	Three Years (Annualised)	Five Years (Annualised)	Since Share Class Inception 8 Aug 2018 (Annualised)
T. Rowe Price Global Equity Fund – M Class (Net - AUD)*	4.01%	8.44%	4.01%	19.53%	2.92%	12.05%	10.35%
MSCI All Country World Index ex Australia Net (AUD)**	3.87	10.21	3.87	22.55	11.53	12.39	10.53
Value Added (Net-AUD)***	0.14	-1.77	0.14	-3.02	-8.61	-0.34	-0.18

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.

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.

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

COUNTRY DIVERSIFICATION (TOP 10)

	% of Fund	MSCI AC World Index ex Australia Net (AUD)
United States	62.0%	64.1%
India	4.0	1.8
Germany	3.8	2.1
United Kingdom	3.4	3.6
Japan	3.1	5.7
Vietnam	2.8	0.0
Philippines	2.5	0.1
Indonesia	2.3	0.2
Netherlands	2.1	1.2
China	2.0	2.5

PORTFOLIO CHARACTERISTICS

	Fund	MSCI AC World Index ex Australia Net (AUD)
Number of Issuers	192	2,782
Top 20 Issuers as Percent of Total	35.5%	26.1%
Percent of Portfolio in Cash	0.4%	–
Portfolio Turnover (12 Months)	58.0%	–
Active Share	65.9%	–

MARKET REVIEW

In Australian dollar terms, global equities displayed positive returns in January, though markets were volatile as stronger-than-expected economic data in the U.S. put high hopes for 2024 rate cuts in doubt, investors appeared to take profits from 2023 big winners, and geopolitical tensions lingered. A weaker Australian dollar versus other major currencies helped lift returns for Australian dollar-based investors.

U.S. stocks delivered positive returns. In the early days of the month, equities struggled as strong economic data prompted investors to temper their expectations for aggressive Federal Reserve interest rate cuts in 2024. As the month progressed, shares were lifted by generally favorable corporate earnings and by renewed investor interest in companies expected to benefit from artificial intelligence. However, stocks tumbled on the last day of the month, as Federal Reserve policymakers held short-term interest rates steady and gave no indications that they were on the verge of reducing rates.

Developed European stocks advanced amid expectations that central banks could soon start to lower interest rates in the region. The European Central Bank (ECB) left its key deposit rate at a record high of 4%, as expected. A more dovish outlook on the economy—the meeting statement said “risks to economic growth remained tilted to the downside”—and a softer tone to comments by ECB President Christine Lagarde raised hopes of a shift to easier policy. Economic data indicated that growth in the eurozone and the UK was more resilient than expected. The euro area avoided a recession in the final quarter of last year as growth in Italy and Spain offset a decline in Germany and stagnation in France. Overall gross domestic product rose 0.1% sequentially after flatlining in the July–September period.

Developed Asian markets gained ground. Equities in Japan had a strong start to 2024, continuing the solid performance seen last year. The monetary policy backdrop remained highly accommodative—and investors were forced to reassess the likelihood that the Bank of Japan would end its negative interest rate policy in the near term as a deadly earthquake struck Japan’s Noto Peninsula at the beginning of the month. Yen weakness also helped prop up returns for local investors.

Emerging markets were broadly negative and meaningfully underperformed developed market peers. In emerging Asia, several markets declined, dragged down by losses in China as the economy remained sluggish and the property market remained in distress. Late in the month, the Chinese vice premier called upon government agencies to take steps to stabilize the market and support listed Chinese companies. Latin American markets were also broadly negative. Conversely, emerging Europe delivered mostly positive returns, helped by a strong rally in Turkiye as central bank officials raised short-term interest rates from 42.5% to 45.0% and signaled that they felt rates were high enough to lead to disinflation—a decline in the rate of inflation.

Sector performance in the MSCI All Country World Index ex Australia Net was mostly positive. Information technology, communication services, and health care were the strongest performers, while materials and real estate were the only sectors that lost ground.

FUND REVIEW

The fund performed mostly inline with the MSCI All Country World Index ex Australia Net for the one-month period ended January 31, 2024. NVIDIA was the largest relative contributor for the month as the leading computer graphics processor unit designer advanced strongly in January. Shares rose with other semiconductor-related names amid continued exuberance surrounding generative artificial intelligence (AI), while a slate of new product launches also helped lift the stock. We continue to have high conviction in NVIDIA, as its design offerings have become a trusted gold source for developers, and we think the company’s competitive positioning remains strong and its dominance in the ability to support AI functionality should help drive a long runway for growth. At the sector level, stock selection in information technology helped relative returns, with our positions in NVIDIA and Apple being particularly strong. On the other hand, holdings in consumer staples hurt relative returns, especially our positions in Sumber Alfaria Trijaya and JD Health International.

OUTLOOK

We think 2023 marked the true end of the COVID era from an economic perspective, with supply chains having broadly normalized; the world largely withstanding new, higher interest rates; and corporate earnings having a new baseline. A number of catalysts drove markets higher for the year, including enthusiasm around generative artificial intelligence, a somewhat surprisingly resilient U.S. economy, and market expectations for easing monetary policy in light of downward trending inflation prints. These factors helped stocks overcome a wide array of overhangs that included a regional banking crisis in the U.S., deteriorating macroeconomic conditions in China, and escalating armed conflict in Europe and the Middle East. While we are certainly encouraged that many dynamics have shown signs of improvement, a good deal of uncertainty remains, which we think calls for some prudence.

At the end of 2023, markets had priced in six interest rate cuts for 2024, but we think that scenario, is highly unlikely, particularly as the U.S. Federal Reserve has recently telegraphed only three. For some time, we have believed we were near the very end of rate hikes or at the peak, but we now question how long we will be at these higher levels before the Federal Reserve moves to lower rates. We don’t think investors can have their cake and eat it, too, with a good economy and inflation disappearing, all while central banks aggressively cut rates. We think a more likely scenario involves a meaningful slowdown in economic activity as the lagging effects of previous tightening take hold, which could lead to rate cuts. Alternatively, we could potentially see the economy remain relatively robust, with inflation slowly moving lower and rates remaining higher for a bit longer. Ultimately, however, we do not expect interest rates to return to pre-COVID levels.

We also believe we are in a new economic normal with more anemic global growth and more challenged corporate profit growth. The global gross domestic product growth outlook for this year is the lowest it has been in 20 years outside of 2008 during the global financial crisis and 2020 at the height of the global pandemic. Meanwhile, higher commodity prices, labor costs, and taxes are likely to be headwinds for many corporations. While we still think the world will continue to grow, we expect any expansion to be lower than pre-pandemic levels. We also expect some level of political uncertainty to arise as we move through the year given the raft of key elections slated to take place in the U.S., India, Taiwan, the UK, Mexico, and South Africa among other nations in 2024.

Moving forward, we think we are likely to see a greater variety of sources of return for those focused on fundamentals and valuations. As such, we continue to own a largely sector-neutral, globally diversified portfolio of an eclectic set of what we believe are well-managed companies in attractive end markets that are exposed to strong, durable themes spanning the growth spectrum. This allowed us to prudently participate in a rising equity market that was stronger than we expected in 2023, while also creating a portfolio that we think can be resilient in a range of environments.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700 or visit www.troweprice.com

FUND INFORMATION

APIR	ETL8482AU
Inception Date	08 August 2018
Benchmark	MSCI All Country World Index ex Australia Net (AUD)
Management Fees aned Costs^	0.70% p.a.
Distribution	Annually
Buy/Sell	Buy +0.30% / Sell -0.20%
Total Assets	$5,654,198,827 AUD

^The Management Fee for the T. Rowe Price Global Equity Fund – M Class is 0.70% 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 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.

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