



AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

# T. Rowe Price Global Equity Fund - I Class

As of 31 March 2021



**Portfolio Manager:**  
R. Scott Berg

**Joined Firm:**  
2002

**Investment Experience:**  
18 Years



Morningstar Analyst Rating™:  
As of 22/03/2021

## 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
Amazon.com	United States	Internet and Direct Marketing Retail	3.1%
Alphabet	United States	Interactive Media and Services	2.4
Facebook	United States	Interactive Media and Services	1.6
Alibaba Group Holding	China	Internet and Direct Marketing Retail	1.4
Evotec	Germany	Life Sciences Tools and Services	1.2
FedEx	United States	Air Freight and Logistics	1.1
Charles Schwab	United States	Investment Banking and Brokerage	1.1
Apple	United States	Technology Hardware, Storage and Peripherals	1.1
Roper Technologies	United States	Industrial Conglomerates	1.1
Visa	United States	Data Processing and Outsourced Services	1.0

## SECTOR EXPOSURE

	% of Fund	Fund vs. MSCI AC World Index ex Australia Net (AUD)
Information Technology	21.2%	-0.4
Consumer Discretionary	16.7	3.8
Financials	15.6	1.6
Health Care	13.2	1.8
Industrials & Business Services	10.4	0.3
Communication Services	8.1	-1.5
Consumer Staples	5.4	-1.6
Materials	4.0	-0.8
Real Estate	3.0	0.4
Utilities	1.7	-1.2
Energy	0.5	-2.9

## PERFORMANCE

	Annualised							
	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Ten Years	Since Manager Inception <sup>3</sup>
T. Rowe Price Global Equity Fund - I Class (Gross - AUD) <sup>*</sup>	0.68%	3.80%	3.80%	42.59%	21.41%	21.34%	17.06%	20.65%
T. Rowe Price Global Equity Fund - I Class (Net - AUD) <sup>**</sup>	0.60	3.56	3.56	41.22	20.08	19.98	15.71	19.27
MSCI All Country World Index ex Australia Net (AUD) <sup>***</sup>	4.40	5.97	5.97	24.04	12.39	13.51	12.66	15.28
Value Added (Gross) <sup>1</sup>	-3.72	-2.17	-2.17	18.55	9.02	7.83	4.40	5.37
Value Added (Net) <sup>2</sup>	-3.80	-2.41	-2.41	17.18	7.69	6.47	3.05	3.99

### Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

<sup>\*</sup>Gross-of-fees performance is the net return with fees and expenses added back.

<sup>\*\*</sup>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.

<sup>\*\*\*</sup>Index returns shown with reinvestment of dividends after the deduction of withholding taxes.

<sup>1</sup>The Value Added is shown as the Fund (Gross) minus its Index.

<sup>2</sup>The Value Added is shown as the Fund (Net) minus its Index.

<sup>3</sup>Effective 6 June 2012, Scott Berg took over management responsibility for the Fund.

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**COUNTRY DIVERSIFICATION (TOP 10)****MSCI AC World  
Index ex Australia  
Net (AUD)**

	<b>% of Fund</b>	<b>Net (AUD)</b>
United States	55.8%	58.7%
United Kingdom	7.2	3.8
China	7.1	5.0
Germany	6.4	2.6
India	4.6	1.3
Canada	2.0	2.9
Switzerland	1.9	2.5
Netherlands	1.7	1.2
Brazil	1.3	0.6
Philippines	1.2	0.1

**MARKET REVIEW**

In Australian dollar terms, global equities generated strong returns in March amid accelerating vaccine rollouts, generally strong economic data, and continued accommodative monetary policy and fiscal stimulus.

U.S. stocks were mostly positive in March, lifted by the accelerating rollout of coronavirus vaccines, favorable economic data, and expectations for new federal fiscal stimulus measures. Although Congress passed a USD 1.9 trillion coronavirus relief bill and the Biden administration prepared to pursue a significant increase in federal infrastructure spending, some investors were concerned about a sharp increase in longer-term Treasury interest rates and a possible increase in inflation later this year.

Developed European markets rose broadly over the period. Ireland, Norway, and Sweden were among the best performers. Investors appeared to focus on resilient economic data and continued monetary and fiscal stimulus while looking through rising transmission rates that necessitated additional lockdowns in a number of countries, concerns about the pace of the region's vaccine rollout, tensions over vaccine supply exports to other countries, and fears of possible side effects from the AstraZeneca vaccine. UK shares produced strong gains despite an economic contraction due to lockdown measures instituted at the start of the year and continued effects from Brexit.

Developed Asian shares were positive, though weaker than other developed regions. Japanese equities had a volatile month but ultimately ended in positive territory. Investors ping-ponged between positive and negative sentiment as the lifting of coronavirus restrictions and accelerating vaccine rollouts clashed with disappointing economic data and concerns about rising cases in some areas.

Emerging market stocks were mixed and meaningfully underperformed developed markets. Anticipation for accelerating economic growth, inflation, and interest rates as the pandemic wanes in the developed world drove a shift in assets away from emerging markets. Emerging Asian markets were among the worst performers, driven by weakness in China, where shares pulled back amid concerns of stretched valuations, increasing regulatory pressures for Chinese tech companies, and continued geopolitical tensions with the U.S., which many investors had anticipated would recede with the new Biden administration. Latin American markets broadly gained ground, but country returns were mixed, with Mexico, Chile, and Brazil gaining ground while Peru, Colombia, and Argentina were negative. In emerging Europe, Turkish shares fell significantly amid currency weakness, rising interest rates, and President Recep Tayyip Erdogan's decision to replace the central bank governor after he had served only a few months, a move that unsettled investors.

Sector performance in the MSCI All Country World Index ex Australia was positive. Utilities, consumer staples, and industrials and business services were the strongest performers, while communication services and information technology were among the weakest performers, although returns were still positive.

**FUND REVIEW**

The fund underperformed the MSCI All Country World Index ex Australia Net for the one-month period ended March 31, 2021. London Stock Exchange was the largest relative detractor in the portfolio as shares of the UK-based stock exchange dropped sharply. Although earnings reported during the period were in line with consensus estimates, investors were hoping for more optimistic guidance concerning the integration of recent

**PORTFOLIO CHARACTERISTICS****MSCI AC World  
Index ex  
Australia Net**

	<b>Fund</b>	<b>(AUD)</b>
Number of Issuers	203	2,829
Top 20 Issuers as Percent of Total	24.0%	21.3%
Percent of Portfolio in Cash	0.3%	–
Portfolio Turnover (12 Months)	93.5%	–
Active Share	78.0%	–

acquisition Refinitiv. However, we believe that deal synergies remain in play. We continue to have high conviction in the firm, which owns a number of clearing houses and exchanges, as well as the FTSE/Russell indices. The company's strong position as an information and data provider means it is well equipped to meet the changing demands in financial markets. At the sector level, stock selection in information technology detracted the most from relative returns, with our positions in StoneCo, Zoom Video Communications, and Coupa Software hurting the most. Conversely, industrials and business services names boosted relative returns, especially FedEx, Assa Abloy, and Waste Connections.

**OUTLOOK**

The current pushes and pulls in the market are incredibly complex. From a fundamental perspective, near- to intermediate-term economic and corporate data are going to be exceedingly strong. We are still operating in a very low interest rate world—in any absolute sense, rates remain near historic lows—with a massive amount of central bank liquidity and fiscal stimulus at a time when real gross domestic product growth is picking up and corporate earnings are likely to accelerate this year and next. While equity valuations are still more reasonable when compared with bond yields, they are clearly above average for a normal environment, which causes some concern.

The ongoing health pandemic offers its own pushes and pulls. There has been a marked improvement in vaccine distribution within the U.S., with 2%–3% of the country's population being vaccinated each week. However, the vaccine rollouts in parts of Europe and Asia have been rockier, and the virus is likely to remain in the world for some time, particularly in some emerging market countries where we may be more than a year out before many people can obtain the vaccine, which amplifies risks of virus variants.

The Biden administration's emerging priorities offer positives and negatives for equity investors as well. Widespread fiscal stimulus has supported asset prices, but the increasing likelihood of rising corporate tax rates could put a damper on after-tax corporate earnings. Geopolitically, relations between the U.S. and China remain complex. The arrival of a new U.S. administration increased expectations for less adversarial relations, but it has become clear that underlying tensions between the two superpowers are real, structural, and unlikely to go away.

We have also seen exuberance and extreme positive sentiment in markets. There has been an explosion in SPACs (Special Purpose Acquisition Companies) and initial public offerings as well as retail investors with growing risk-seeking behavior driving price movements. While we think we have entered a new equity bubble with areas of the market looking frothy and irrational, it could be years before we experience a meaningful reversion, which means there could still be room for equities to move higher.

Recognizing the challenging pushes and pulls in the market, we are trying to be more balanced with the portfolio, keeping the overall portfolio risk (beta) near 1.0—not overly offensive or defensive—while focusing on picking stocks broadly across sectors and regions. We think volatility is likely to increase, in part due to higher dispersion within factors, styles, and sectors, and we think such an environment is well suited for active investment. While financial and market conditions have changed meaningfully—and will likely continue to do so—our investment philosophy, rooted in stock selection and a thoughtful approach to portfolio construction, has not. It is this consistent process that allows us to successfully navigate more challenging cycles.

**CONTACT US**

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700 or visit [www.troweprice.com.au](http://www.troweprice.com.au)

**FUND INFORMATION**

APIR	ETL0071AU
Inception Date	15 September 2006
Benchmark	MSCI All Country World Index ex Australia Net (AUD)
Management Fees <sup>^</sup>	0.94% p.a.
Distribution	Annually
Buy/Sell	Buy +0.25% / Sell -0.20%
Total Assets	\$5,454,642,860 AUD

<sup>^</sup>The Management Fee for the T. Rowe Price Global Equity Fund - I Class is 0.94% 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.

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The information shown does not reflect any ETFs that may be held in the portfolio.

Source for Sector Diversification: T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. T. Rowe Price will adhere to all updates to GICS for prospective reporting.

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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