

T. Rowe Price Australian Equity Fund – I Class

As of 30 June 2021



Portfolio Manager:

Randal Jenneke

Joined Firm:

2010

Investment Experience:

30 Years



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	9.3	7.0
Westpac Banking	6.6	4.6
Aristocrat Leisure	5.1	1.3
Wesfarmers	4.5	3.3
National Australia Bank	4.2	4.2
ResMed	4.1	0.6
CSL	4.0	6.3
Domain Holdings Australia	3.9	0.1
Macquarie Group	3.8	2.6
Transurban	3.8	1.9

SECTOR EXPOSURE

	% of Fund	Fund vs. S&P/ASX 200 Total Return Index (AUD)
Consumer Discretionary	24.0	15.8
Financials	19.8	-10.2
Materials	13.4	-6.9
Health Care	11.9	1.8
Communication Services	10.4	6.2
Industrials & Business Services	7.3	0.6
Information Technology	5.6	1.4
Real Estate	4.4	-2.2
Consumer Staples	0.1	-5.1
Energy	0.0	-3.0
Utilities	0.0	-1.5

PORTFOLIO CHARACTERISTICS

	Fund	S&P/ASX 200 Total Return Index (AUD)
Number of Issuers	34	200
Top 20 Issuers as Percent of Total	79.2%	59.7%
Percent of Portfolio in Cash	3.1%	-
Portfolio Turnover (12 Months)	77.1%	-
Active Share	57.7%	-

PERFORMANCE

	Annualised						
	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Since Fund Inception
T. Rowe Price Australian Equity Fund – I Class (Gross – AUD)*	3.65%	9.86%	14.21%	28.01%	8.98%	11.80%	11.33%
T. Rowe Price Australian Equity Fund – I Class (Net – AUD)**	3.60	9.70	13.88	27.25	8.33	11.12	10.52
S&P/ASX 200 Total Return Index (AUD)	2.26	8.29	12.90	27.80	9.59	11.16	10.28
Value Added (Gross) ¹	1.39	1.57	1.31	0.21	-0.61	0.64	1.05
Value Added (Net) ²	1.34	1.41	0.98	-0.55	-1.26	-0.04	0.24

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.

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.

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

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

FUND REVIEW

In June, the Australian equity market outperformed developed and emerging markets for the second straight month in local currency terms, continuing to build on the gains it has built up in the year to date.

The top performing sectors for the month included information technology, communication services, and real estate investment trusts. The key underperforming sectors were financials, materials, and health care. Oil prices continued to rise on expectations of supply discipline from OPEC+. Iron ore prices also rose, despite a slowing of credit to the Chinese economy. Gold prices weakened following their recent bounce. Following the strong rise in recent months 10-year U.S. Treasuries continued to pull back, falling another 13 basis points to 1.44%. Similarly, Australian 10-year bond yields fell to 1.51%. U.S. dollar strength saw the Australian dollar fall against the greenback.

PORTFOLIO HIGHLIGHTS

The T. Rowe Price Australian Equity Fund outperformed the market in June. Good performances were posted by Afterpay, Megaport, and ResMed. Notable underperformers included Nuix, Oz Minerals, and Star Entertainment Group. ResMed's share price rose strongly following a major device recall by its major competitor in the U.S. sleep apnea market. This occurred just ahead of ResMed's impending launch of a new continuous positive airway pressure (CPAP) device. In our view, this may help the company to capitalise on the competitor's issues and gain market share. We also expect that the company is likely to benefit by gaining market share in masks. ResMed was starting to see a recovery in its U.S. sleep business, so we believe the timing of this issue sets the business up well. Conversely, Oz Minerals' share price came under pressure following a pull-back in the copper price from recent record highs. Given the strong share price performance of the company over the past year, a short-term pull-back is not unexpected. The medium- to long-term story for both copper and Oz Minerals remains attractive, in our view, with electric vehicles in particular expected to be an increasingly strong source of demand.

OUTLOOK

As major economies in the northern hemisphere reopen, the consensus expectation is for higher growth and inflation, driven by a combination of the reopening process and large fiscal and monetary stimulus. This, in turn, is expected to lead to higher interest rates. Undoubtedly, near-term economic data will show strong spikes in growth in inflation. However, we expect these spikes to be transitory and believe we are likely at, or close to, peak growth and inflation. This view, in conjunction with high debt levels in an asset-dependent world, makes us sceptical about the ability for interest rates to sustainably rise much beyond current levels.

The portfolio is well positioned in cyclical growth, recovery growth, and high quality stocks. We have tilted our positioning more towards domestic exposures to reflect the good economic performance of the Australian economy. More recently we have been increasing our exposure to high quality companies and funding this by taking profits in financial and mining names. Despite our positive view on economic growth we expect interest rates to continue to remain low to support the recovery. While we expect a choppy market environment, we believe quality growth stocks should do well, particularly when growth and inflation decelerate from the expected near-term spike.

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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 and Costs [^]	0.60% p.a.
Distribution	Annually
Buy/Sell	Buy +0.10% / Sell -0.05%
Total Assets	\$119,854,734 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. T. Rowe Price will adhere to all updates to GICS for prospective reporting.

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