T. Rowe Price®
INVEST WITH CONFIDENCE

AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Australian Equity Fund – I Class

As of 30 September 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.

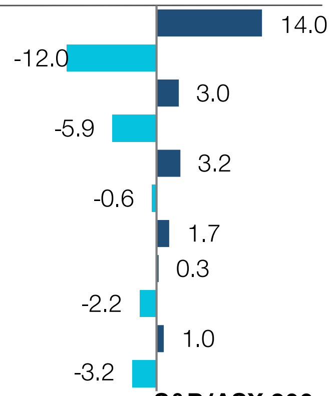
TOP 10 HOLDINGS (%)

	% of Fund	S&P/ASX 200 Total Return Index (AUD)
Bhp	8.2	5.3
CSL	6.5	6.4
Aristocrat Leisure	6.0	1.4
Coles	5.5	1.1
National Australia Bank	5.2	4.4
Westpac Banking	5.0	4.6
Macquarie Group	4.5	3.0
Wesfarmers	4.3	3.0
Transurban	4.3	2.1
carsales.com	3.5	0.3

SECTOR EXPOSURE

	% of Fund
Consumer Discretionary	22.3
Financials	19.2
Health Care	13.3
Materials	11.3
Communication Services	7.5
Industrials & Business Services	6.6
Information Technology	6.2
Consumer Staples	5.5
Real Estate	4.7
Utilities	2.5
Energy	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	36	200
Top 20 Issuers as Percent of Total	78.6%	58.4%
Percent of Portfolio in Cash	0.8%	–
Portfolio Turnover (12 Months)	86.2%	–
Active Share	54.1%	–

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)[*]	-1.90%	3.31%	17.99%	30.80%	9.51%	11.32%	11.40%
T. Rowe Price Australian Equity Fund – I Class (Net – AUD)[**]	-1.95	3.16	17.47	30.03	8.85	10.66	10.59
S&P/ASX 200 Total Return Index (AUD)[#]	-1.85	1.71	14.83	30.56	9.65	10.42	10.19
Value Added (Gross)[1]	-0.05	1.60	3.16	0.24	-0.14	0.90	1.21
Value Added (Net)[2]	-0.10	1.45	2.64	-0.53	-0.80	0.24	0.40

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 fell in September, its first monthly decline in a year. However, the market still outperformed both its developed and emerging markets for the month.

The top performing sectors for the month included energy, utilities, and financials. Among the key underperforming areas were materials, health care, and information technology. Signs of improving demand, as well as supply disruptions, saw Brent oil prices rise significantly over the month. Iron ore prices continued to come under pressure, falling almost 30% due to significant weakness in Chinese steel production associated with deceleration of the Chinese property market and a government directive to limit steel production to 2020 levels. The gold price also declined in September. A more hawkish stance from the U.S. Federal Reserve (Fed), regarding the persistence of higher inflation and the need to start the tapering its bond buying program in coming months, saw 10-year U.S. Treasuries rise 24 basis points to 1.52%. Australian 10-year bond yields followed this move, surging 33 basis points to 1.49%. The Australian dollar fell against its U.S. counterpart.

PORTFOLIO HIGHLIGHTS

The T. Rowe Price Australian Equity Fund performed in line with the market in September. Good performances were posted by IDP Education, Star Entertainment, and Macquarie Bank while notable underperformers were BHP, Afterpay, and Xero. The rise in bond yields following the Fed's statement that it expects to start tapering its bond buying program in coming months, led to a rotation into cyclicals and value stocks. Weakness in the Chinese property sector and new concerns about the debt levels of Chinese property developers, saw the iron ore price continue its dramatic fall. The price of iron ore has now seen a correction of more than 50% correction in recent months. In the absence of any easing of policy, weakness in housing-related commodities looks set to continue.

IDP Education performed well as plans to reopen Australia's international border to foreign students started to take shape. Pent up demand looks strong across all regions. In our view, IDP has improved its competitive position since the start of the pandemic. The rise in bond yields toward the end of the month saw the share prices of more highly valued businesses like Afterpay and Xero come under pressure. While this is an unsurprising initial reaction, we do not believe bond yields will rise high enough to be of concern. Ultimately, the fundamentals of these businesses will matter the most to long-term share price performance. In this regard, both businesses look very well-positioned, in our view.

OUTLOOK

Markets are grappling with the competing issues of economic growth deceleration and persistently higher-than-expected, albeit moderating, inflation caused by ongoing supply chain disruptions. This is occurring at the same time that central banks around the world are gradually starting to remove their emergency level pandemic support, such as tapering their bond buying programs. Slowing growth is likely unfavourable for earnings, particularly for cyclicals or value stocks. Conversely, supply chain issues, leading to stubbornly high inflation, is likely unfavourable for highly valued or growth stocks due to higher bond yields and the impact on valuations.

Which will benefit? Ultimately, we believe the impact of slowing growth will be the factor that will matter the most. Supply chain disruptions will be solved, even if it takes a bit longer than expected. The challenge for markets in 2022 will likely be slowing (albeit reasonable) growth and lower inflation, at a time when liquidity is being withdrawn by central banks and market valuations are high. We believe total market returns should be lower than in the recent past and individual stock performance should matter more to overall portfolio returns.

We maintain our cautious stance and hence a strong exposure to quality and more defensive names in the portfolio. This has consisted of topping up positions in our health care companies and adding consumer staples and utilities exposure. We are moving further underweight the banking sector as we see headwinds starting to mount and better opportunities elsewhere. Overall, we see the market environment as being ripe for quality defensive companies to perform well.

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 -0.10%
Total Assets	$130,227,511 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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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 [eqt.com.au]). A Target Market Determination is a document which is required to be made available from 5 October 2021. 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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