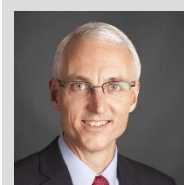




AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

# T. Rowe Price Global Equity (Hedged) Fund - I Class

As of 31 January 2023



**Portfolio Manager:**

R. Scott Berg

**Joined Firm:**

2002

**Investment Experience:**

20 Years



Morningstar Analyst Rating™:  
As of 31/03/2022



## 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.

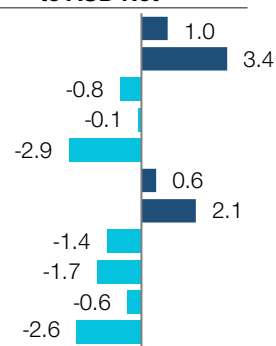
## TOP 10 HOLDINGS

	Country	Industry	% of Fund
Microsoft	United States	Software	2.7%
Apple	United States	Technology Hardware, Storage & Peripherals	2.5
Amazon.com	United States	Internet & Direct Marketing Retail	2.2
Alphabet	United States	Interactive Media & Services	1.8
Roper Technologies	United States	Industrial Conglomerates	1.6
Sumber Alfaría Trijaya	Indonesia	Food & Staples Retailing	1.4
Masan	Vietnam	Food Products	1.4
Charles Schwab	United States	Capital Markets	1.3
Fiserv	United States	IT Services	1.2
Evotec	Germany	Life Sciences Tools & Services	1.2

## SECTOR EXPOSURE

	% of Fund
Information Technology	22.0%
Financials	18.3
Health Care	11.7
Industrials & Business Services	10.1
Consumer Discretionary	8.4
Consumer Staples	8.0
Materials	6.8
Communication Services	5.9
Energy	3.6
Real Estate	2.0
Utilities	0.4

## Fund vs. MSCI AC World Index ex Australia Hedged to AUD Net



## PERFORMANCE

	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Since Fund Inception
T. Rowe Price Global Equity (Hedged) Fund - I Class (Gross – AUD) <sup>*</sup>	7.21%	5.95%	7.21%	-15.27%	4.26%	5.75%	11.17%
T. Rowe Price Global Equity (Hedged) Fund - I Class (Net – AUD) <sup>**</sup>	7.13	5.70	7.13	-16.10	3.23	4.62	9.96
MSCI All Country World Index ex Australia Hedged to AUD Net <sup>***</sup>	6.23	7.17	6.23	-8.64	5.50	5.23	9.40
Value Added (Gross) <sup>1</sup>	0.98	-1.22	0.98	-6.63	-1.24	0.52	1.77
Value Added (Net) <sup>2</sup>	0.90	-1.47	0.90	-7.46	-2.27	-0.61	0.56

## 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.

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. The views and portfolio holdings contained herein are as of date noted on the material and are subject to change without further notice. The specific securities identified and described do not necessarily represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

**COUNTRY DIVERSIFICATION (TOP 10) MSCI AC World**

	% of Fund	Index ex Australia Hedged to AUD Net
United States	53.2%	61.1%
India	5.2	1.5
China	4.5	3.9
United Kingdom	4.1	3.9
Germany	3.9	2.2
Philippines	3.0	0.1
Japan	2.8	5.6
Indonesia	2.6	0.2
Vietnam	2.6	0.0
Netherlands	2.1	1.2

**MARKET REVIEW**

In Australian dollar terms, global equity markets rallied in January as investors started the new year with optimism that equities would perform better than they did in 2022. A number of corporate earnings results surpassed lowered expectations, and investors were hopeful that central banks would continue to slow the pace of interest rate increases as some inflation readings and economic data cooled.

U.S. stocks recorded their best January performance since 2019, as investors welcomed data suggesting that the Federal Reserve might be able to tame inflation without causing a recession. As inflation and interest rate fears moderated, making anticipated future earnings more attractive to investors, growth stocks performed best. Stocks began to build momentum on January 6, as investors seemed to react positively to a stream of signals indicating slowing growth and inflation pressures. The Labor Department reported that job growth slowed in December to its lowest level in two years, if somewhat less than expected. The Institute for Supply Management's gauge of services sector activity surprised investors by falling into contraction territory for the first time since early in the pandemic.

Shares in Europe surged in January to their highest level in almost a year, taking their cue from falling energy prices, slowing inflation, encouraging economic data, and optimism around China's reopening. This helped to overcome concerns about the pace of monetary policy tightening. European Central Bank policymakers kept up the pressure for more significant interest rate increases at forthcoming meetings, even as inflation slowed and the economy skirted a recession. A decline in energy price increases helped push eurozone inflation below 10% in December. Even so, core inflation—which excludes volatile food, energy, alcohol, and tobacco prices—quicken to 5.2%.

Developed Asian shares advanced in January. In Japan, sentiment was supported by the prospect of China's reopening boosting the global economy and hopes that the major central banks would slow the pace of their rate hikes amid some signs of waning inflationary pressures. Investors' focus was on the Bank of Japan, which left its monetary policy unchanged at its January meeting.

Emerging markets produced robust returns and broadly kept pace with their developed market peers. Emerging Asia was among the best performers, driven by strong gains in China, as investors embrace the country's continued reopening. However, Indian shares fell amid concerns that China's reopening would dampen growth in India, particularly in reference to foreign investing. Latin American markets also fared well, driven mainly by outperformance in Mexico, Argentina, and Chile. In emerging Europe, Turkey underperformed.

Sector performance in the MSCI All Country World Index ex Australia Hedged to AUD Net was mostly positive. Consumer discretionary, communication services, and information technology were the strongest performers, while health care, utilities, and consumer staples produced the deepest negative returns.

**PORTFOLIO CHARACTERISTICS**

	Fund	MSCI AC World Index ex Australia Hedged to AUD Net
Number of Issuers	232	2,738
Top 20 Issuers as Percent of Total	26.7%	21.1%
Percent of Portfolio in Cash	2.9%	–
Portfolio Turnover (12 Months)	86.9%	–
Active Share	72.6%	–

**FUND REVIEW**

The fund outperformed the MSCI All Country World Index ex Australia Hedged to AUD Net for the one-month period ended January 31, 2023. Our position in MercadoLibre was the biggest relative contributor in the portfolio. MercadoLibre, Latin America's largest online trading platform, rose with the broader Argentinian market following news that the government would begin buying back over \$1 billion in overseas bonds to improve its debt profile. Additionally, investors interpreted competitor Americanas' disclosure of accounting inconsistencies in its income statement and balance sheet as potentially beneficial to MercadoLibre's business. We think MercadoLibre is on track to be the leading digital provider of financial services in Latin America, with a vibrant marketplace ecosystem and competitive technology. At the sector level, stock selection in health care helped relative returns, with our holdings in Evotec, Lonza Group, and Sartorius performing the best. On the other hand, holdings in financials weighed on relative returns, especially our positions in Charles Schwab, Axis Bank, and Kotak Mahindra Bank.

**OUTLOOK**

The equity investment landscape remains incredibly challenging and complex, with the past year characterized by elevated and persistent inflation resulting from continued pandemic-related supply chain issues and exacerbated by the war in Europe that forced most leading central banks to aggressively act. Worries over potential central bank missteps, growing economic uncertainty, and mounting geopolitical tensions have further raised recessionary expectations across the globe, with the severity of a downturn likely to vary across regions. With macroeconomic dynamics continuing to evolve, we expect market volatility to endure in the near term and remain focused on fundamentals and quality.

With major dimensions of the world now fundamentally different from anything we have experienced over the last decade or more, we think we have entered a new regime. The defining tenet of this new regime, in our view, is the ongoing secular shift from the ultralow interest rate environment set in motion by the U.S. Federal Reserve in late 2008 at the depths of the global financial crisis to an era where rates and inflation will be structurally higher and longer lasting. This will likely introduce knock-on effects for different industries and businesses and likely lead to new market leaders.

We have embraced this new reality, restored greater portfolio balance across sectors, and set a higher bar for the most expensive names in the portfolio. We have meaningfully increased our exposure to companies that we believe is likely poised to benefit from higher interest rates, as well as those positioned to benefit from a broader post-pandemic reopening, and we have maintained exposure to more inflation resistant areas such as materials, real estate, and consumer staples. With the market manically focused on the short term, we continue to search stock by stock for what we believe are the highest conviction ideas over a two- to three-year time horizon, and we are investing across the growth spectrum to provide clients with what we believe is an idiosyncratic, diversified portfolio built for the new regime.

**CONTACT US**

For more information about the Fund, please contact our Relationship Management team on +61 2 8667 5700 or visit [www.troweprice.com](http://www.troweprice.com)

**FUND INFORMATION**

APIR	ETL0312AU
Inception Date	5 April 2016
Benchmark	MSCI All Country World Index ex Australia Hedged to AUD Net
Management Fees and Cost <sup>^</sup>	0.96% pa
Distribution	Annually
Buy/Sell	Buy +0.30% / Sell -0.20%
Total Assets	\$737,251,294 AUD

<sup>^</sup>The Management Fee for the T. Rowe Price Global Equity (Hedged) Fund - I Class is 0.96% 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. 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](http://www.eqt.com.au/insto) [[www.eqt.com.au](http://www.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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