

# T. Rowe Price Global Equity Growth Fund

## MONTHLY FUND FACT SHEET

Information as at 31 August 2020

### Fund Description

The Fund invests in a broadly diversified portfolio of global equities, typically comprising around 150 stocks.

### Fund Benchmark

MSCI All Country World Index (unhedged).

### Fund Objective

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.

### Performance

	1 mth	3 mth	1 yr (% p.a)	2 yr (% p.a)	3 yr (% p.a)	5 yr (% p.a)	Since inception (annualised)
<b>Return</b> (reflects no deductions)*	<b>4.78%</b>	<b>10.66%</b>	<b>29.00%</b>	<b>17.77%</b>	<b>21.01%</b>	na	<b>17.31%</b>
<b>Benchmark return</b> (reflects no deductions)	4.59%	5.64%	8.73%	6.80%	11.11%	na	9.87%
<b>Return</b> (offer deductions for charges, before tax)**	4.19%	9.83%	26.93%	16.05%	19.32%	na	15.75%

Inception: 21 October 2015

### Market Review

In New Zealand dollar terms, global equities produced robust returns in August amid continued accommodative central bank policies, positive news surrounding the coronavirus pandemic, and a stronger than expected corporate earnings season.

U.S. stocks recorded strong gains in August, as positive news regarding the coronavirus and a dovish policy shift by the Federal Reserve helped lift markets. Coronavirus cases broadly declined after July's surge and there were reports of progress in vaccine development. Better-than-expected economic and corporate earnings reports also seemed to provide a favorable backdrop for stocks. July durable goods orders were stronger than consensus forecasts, and housing data remained a bright spot amid low mortgage rates. The Labor Department's nonfarm payroll report showed employers added 1.76 million jobs in July, which was more than expected, but the economy has yet to recover all the jobs lost in March and April.

Stocks in developed Europe rose on further economic stimulus in France and Germany, easing U.S.-China trade tensions, and signs of progress in the development of COVI D-19 treatments. Finland and Norway were among the strongest performers. Preliminary readings from purchasing managers' indexes (PMIs) suggested that the eurozone's economic recovery lost momentum in August, driven by flattening growth in the service sector due to a rise in coronavirus infections and renewed travel restrictions; however, the European Central Bank (ECB) indicated it stood ready to support the eurozone economy through additional stimulus if needed. Economic activity in the UK rebounded sharply as consumers and businesses began to reopen.

Developed Asian markets also gained ground, with Hong Kong leading the region. Japanese shares rose despite Prime Minister Shinzo Abe's resignation and data that showed Japan's economy suffered its largest contraction on record in the second quarter.

Emerging market equities declined in Australian dollar terms and underperformed developed world peers, held back by weak returns from some of the larger emerging markets such as Taiwan and Brazil. In Asia, Chinese equities outperformed, with investors encouraged by the ongoing domestic economic recovery. The Indian market modestly increased, helped by investor inflows, although on the negative side, the country saw sharp increases in coronavirus cases. In Latin America, the Brazilian market underperformed. Weakness in the country's currency, the real, weighed on performance in Australian dollar terms; Brazil's central bank announced a further reduction in interest rates during the month. It was a similar story for Chilean equities, which underperformed despite continued strength in the price of copper, an important export for the country. In emerging Europe, Turkish equities lost ground on currency weakness and other financial difficulties such as dwindling foreign exchange reserves.

Sector performance in the MSCI All Country World Index was positive. Consumer discretionary, information technology, and industrials and business services were the strongest performers, while utilities, energy, and real estate performed the worst.

## Fund review

The fund performed in line with the MSCI All Country World Index for the one-month period ended August 31, 2020. Salesforce.com was the largest relative contributor in the portfolio. Shares rose on strong earnings, with impressive top line growth across all metrics, including strong cash flow and significant margin improvement. The company also raised third quarter and full year guidance. T. Rowe believe Salesforce.com is a powerful leader in cloud computing that has shown its ability to adapt and succeed in a challenging environment. At the sector level, stock selection the consumer discretionary sector contributed the most to relative returns, led by positions in ASOS, Alibaba Group Holding, and Zalando. Conversely, industrial and business services names detracted, especially Roper Technologies and SM Investments.

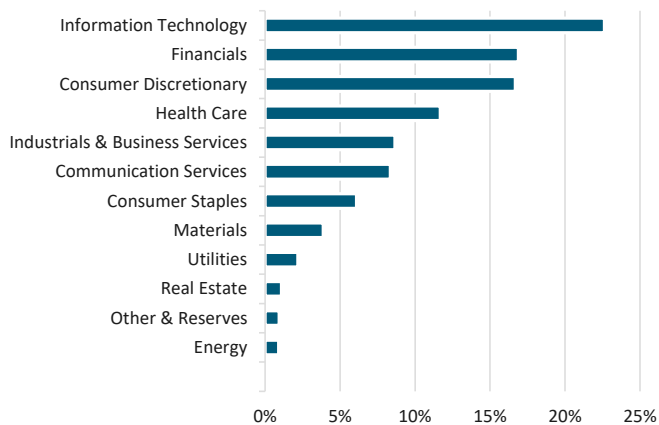
## T. Rowe Outlook

T.Rowe's long-term outlook for global equities remains optimistic. For the portfolio specifically, they see significant upside potential over the next two to three years for many of the names they own as they believe we are early in a new equity cycle. In a world of lower growth, lower interest rates, and low inflation, durable, growing, and successful businesses should continue to help generate solid returns if the price paid is reasonable.

However, nearer term, T.Rowe's outlook is more mixed, and they are having to balance emerging and ongoing risks, which continue to make the month-to-month outlook hard to gauge. T.Rowe are seeing accelerating spread of the coronavirus in parts of the U.S. and there are some fears of a potential second wave in China and other countries. The coronavirus outbreak has also exacerbated tensions between China and the U.S., with rhetoric giving way to actions being taken by both sides. T.Rowe expect that elevated tensions between the two superpowers is likely the new normal, but this will ebb and flow in terms of how pointed and extreme the tensions get. Possible implications from the looming November U.S. election have created additional uncertainty, and societal pressures visible in both the emerging and developed world will need to be addressed now and on the other side of economic recovery.

While T.Rowe have benefited from being on the right side of many changes playing out during this highly unusual period, they are not being complacent about the need to stay active and think through the risks of market rotation or market disappointment. Much more positive market action and sentiment envelopes the current backdrop, but increased uncertainty has made them more cautious of late and they are moving the portfolio back to a more balanced posture. While the current environment is likely to remain complex, they are confident that their robust research platform and worldwide fundamentally-driven investment process is well suited to navigate such challenging times.

### Sector Diversification %

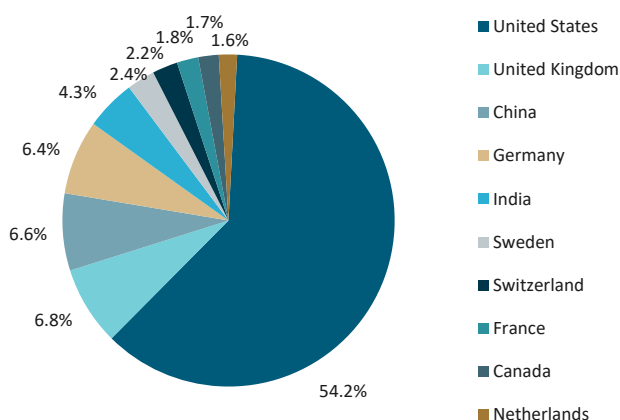


### Top 10 Holdings

### Country

Amazon.com	United States
Alibaba Group Holding	China
Facebook	United States
Alphabet	United States
Apple	United States
Evotec	Germany
Tencent Holdings	China
Wells Fargo	United States
FedEx	United States
Salesforce.com	United States

### Geographical Diversification (Top 10)

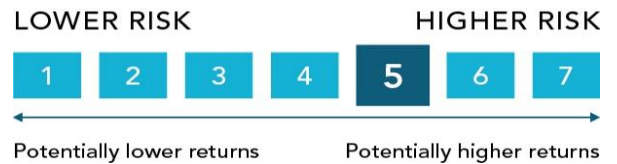


### Key Information

Unit Price	2.3259
Unit Pricing	Daily
Fund Size (GAV)	\$171,723,529
Fund Inception Date	21 October 2015
Estimated Total Fund charge:	1.17%pa
Performance fee	No
Entry/exit fees	None
Distribution frequency	Not for this Fund
Currency	NZD

## Risk Profile

This Fund has a risk rating of 5, based on returns data from the 5 years to 31 August 2020. For more information on the risks associated with this Fund, please see our Product Disclosure Statement (PDS).



## Investment Team for this Fund

**Andrew Bascand**  
Managing Director & Portfolio  
Manager



**Chris Di Leva, CFA**  
Multi Asset Specialist



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