Harbour T. Rowe Price Global Equity Fund (Hedged)

MONTHLY FUND FACT SHEET

Information as at 30 June 2022

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 (100% Hedged to NZD).

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)
Return (reflects no deductions)	**-7.23%**	**-17.82%**	**na**	**na**	**na**	**na**	**-28.29%**
Benchmark return (reflects no deductions)	-7.65%	-14.26%	na	na	na	na	-13.20%
Return (after deductions for charges, before tax)	-7.34%	-18.46%	na	na	na	na	-29.39%

Inception: 1 October 2021

Market Review

In New Zealand dollar terms, global equity markets tumbled in June as growth slowed sharply in the face of tighter monetary policies, while continued inflationary pressures, supply chain issues, and commodity shortages exacerbated fears of a recession.

U.S. stocks sold off amid fears that the Federal Reserve would push the economy into recession in its fight against inflation. Most of the market's losses came at mid-month, after several data points released suggested that the Fed still had far to go to cool inflation. On the other hand, signals showing slowing economic growth in response to the Fed tightening also worried investors, particularly a deceleration in the housing market and other consumer-related areas, such as retail and auto.

Developed European stocks also pulled back. The risk of central banks hiking interest rates too aggressively in the face of an economic slowdown, triggered by the war in Ukraine, roiled markets on the Continent and in the UK. European Union (EU) leaders agreed to ban all seaborne Russian oil deliveries, and the European Commission also announced a EUR 300 billion plan to end dependence on Russian energy imports before 2030. Russia—which supplies about 40% of Europe's natural gas—then began reducing pipeline gas supplies to Germany, Italy, France, the Netherlands, and Slovakia, among others. European gas prices spiked in response, and some states imposed measures to reduce consumption, counter a supply squeeze, and avert winter shortages. Some countries began reopening coal plants and, where possible, extending the lives of nuclear power stations. The European Central Bank signaled that it plans to start raising its key deposit rate by a quarter point in July to contain inflation, which ignited fears of a debt crisis for those members of the EU that are heavily indebted.

Developed Asian markets slid over the period. In Japan, recession fears were sparked by the U.S. Federal Reserve's announcement of its steepest interest rate rise since 1994, alongside other central banks' monetary policy moves to curb surging inflation. Continuing its divergence with global peers, the Bank of Japan maintained its ultralow interest rates, and against this backdrop, Japanese bond yields fell and the yen weakened to nearly a 24-year low versus the U.S. dollar.

Emerging market stocks fell but outperformed developed market peers, mainly due to solid performance in China, which posted strong gains as the country eased coronavirus restrictions. Elsewhere in Asia, South Korea and Taiwan plunged. Shares in India declined modestly, as the central bank hiked rates to quell inflation and investors worried about the country's reliance on energy imports. Latin American markets were among the worst performers. Colombia declined the most, after Gustavo Petro, a former guerilla, was elected the country's first left-wing president. Emerging European markets declined. Turkey continued to weaken as inflation soared and the lira depreciated.

MSCI also said it might place the country's position in the benchmark under review after the financial regulator imposed restrictions on stock trading.

Sector performance in the MSCI All Country World Index was mostly negative in New Zealand dollar terms. Materials, energy, and information technology were the worst performers, while health care and consumer staples were the only sectors to post gains.

Fund review

The fund outperformed the MSCI All Country World Index for the one-month period ended June 30, 2022. T. Rowe Price's position in Sumber Alfaria Trijaya was the biggest relative contributor in the portfolio as investors pushed up shares of Indonesian retail store operator in June. Given recent inflation, consumers have shifted their shopping for food and non-food necessities closer to home. This benefited sales at the more than 10,000 neighborhood Alfamart convenience store and minimarket outlets. In addition to its accelerating retail sales growth trends, they think that Sumber Alfaria Trijaya is also well positioned to capitalize on its extensive network of e-money and e-commerce partnerships to grow its fee-based income, already a major profit contributor. At the sector level, stock selection in information technology helped relative returns, led by their holdings in Atlassian, ForgeRock, and Salesforce. On the other hand, holdings in industrials and business services detracted the most from relative returns, especially our positions in GE, Siemens, and Ashtead.

T. Rowe Outlook

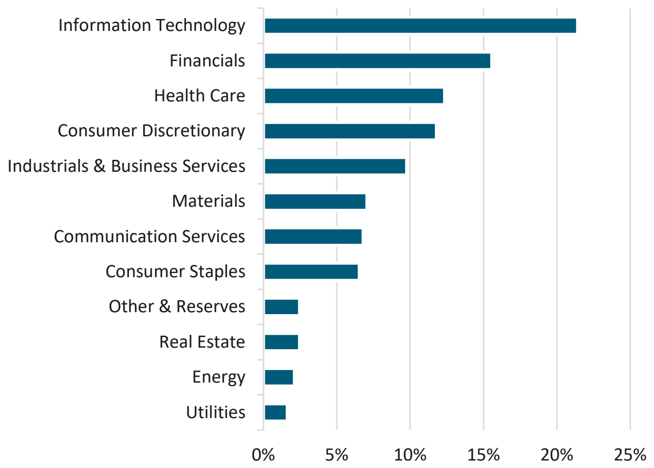
The investment landscape—marked by extreme inflation, tightening financial conditions, slowing growth, decelerating corporate earnings, and continued geopolitical risks—remains challenging. They are operating in an environment of rapidly changing and powerful economic factors by focusing on our "core basics" of following a truly idiosyncratic, sectorbalanced approach that leverages our extensive research platform to invest in what they believe are well-run, durable growth compounders— stocks that should provide a solid return outcome in a lower growth environment with meaningfully reset valuations.

The ongoing conflict in Ukraine has led to extreme commodity price inflation that has rippled through the global economy, and COVID-related headwinds have continued to disrupt supply chains. Outside of China, the rest of the world has reopened, and the higher inflation that was once thought to be transitory is likely to remain higher for longer than they had thought. With central banks now laser focused on reigning in inflation, they are operating in a higher interest rate world with rising risks of a recession.

Despite near-term uncertainty, they believe the market environment is still positive for equities and growth in the medium and longer term. While recession has become a broadly consensus view, it would likely be one of the most telegraphed recessions in history, and they would expect it to be short lived. Even though they are clearly in a new rate environment with the Federal Reserve going at a steeper and quicker pace than they anticipated, real rates remain negative and should remain very low for the medium term, which would be supportive for global growth equities. They believe the sharp downturn in equities has also removed much of the fundamental excess valuation in many stocks, which should provide for more compelling opportunities.

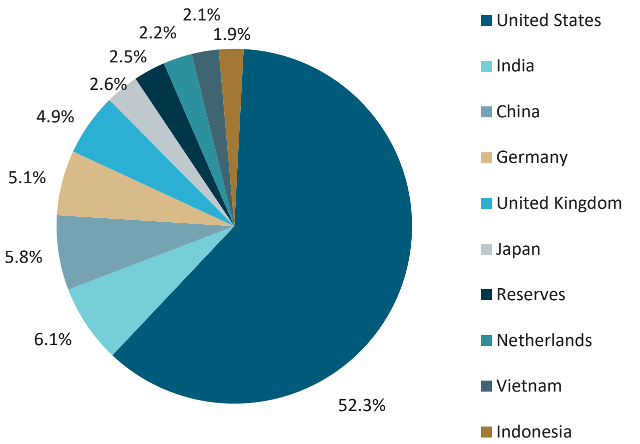
They are cognizant of building the portfolio for tomorrow, rather than owning what has worked in the recent past. Despite the challenges of 2022, they have high conviction in their current positions with a strong enduring bias toward companies in highly attractive industries where dynamics such as low penetration and long runways will lead to high and sustained levels of growth. Extending their return horizon and thinking beyond the short-term market narrative have allowed them to be contrarian in the past and have contributed to their longer-term outperformance.

Sector Diversification %



Top 10 Holdings	Country
Alphabet	United States
Amazon.com	United States
Microsoft	United States
Charles Schwab	United States
Roper Technologies	United States
Goldman Sachs	United States
Apple	United States
Evotec	Germany
Masan	Vietnam
Rivian Automotive	United States

Geographical Diversification (Top 10)

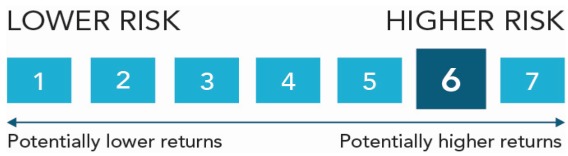


Key Information

Unit Price	0.7061
Unit Pricing	Daily
Fund Size (GAV)	$16,633,167
Fund Inception Date	1 October 2021
Estimated Total Fund charge:	1.19%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 6, based on returns data from the 5 years to 30 June 2022 . 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
Portfolio Manager, Multi Asset Specialist