

# T.Rowe Price Global Equity Growth

## 23925

Morningstar Analyst Rating  
**Bronze**

Morningstar Category  
Equity Region World

Category Index  
MSCI World GR USD

Total Assets  
45  
Mil NZD

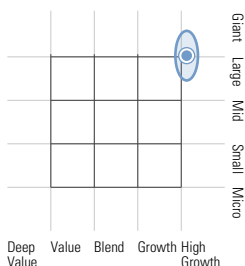
Inception Date  
07/11/14

Domicile  
NZL

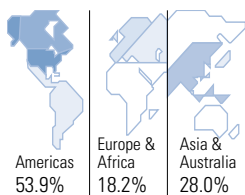
Currency  
NZD

Morningstar Rating  
★★★★★

### Equity Style Map



### Equity Region Exposure



### People

Total Named Managers 0

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
—	—	—	—	—	—	—	10	92	6	10
—	—	—	—	—	—	—	14.95	0.44	31.29	13.65 %
—	—	—	—	—	—	—	6.39	-5.17	9.59	3.67
—	—	—	—	—	—	—	—	—	—	0.05
—	—	—	—	—	—	—	26	23	24	20 %
—	—	—	—	—	—	—	27	30	28	34 %
—	—	—	—	—	—	—	47	48	47	47 %
—	—	—	—	—	—	—	—	1.14	1.24	1.24 %

### Performance 30/09/18

Growth of 10,000 Annualized NZD	Value NZD	Ret %
—	17,227	15.62
—	—	—
—	16,564	14.41

Full Manager Change

### Morningstar Rating

★★★★★

Quartile Rank in Category

Percentile Rank in Category

Total Return NZD

+/- Category

+/- Index

### Process

Equity Style Box

Asset Allocation (Long Positions)  
 ● Equity ● Fixed Interest  
 ● Cash ● Other

Equity Supersectors

→ Defensive

↕ Sensitive

Ⓜ Cyclical

Price Expense Ratio (MER)

## A reliable growth fund backed by a deep team from a highly reputable firm.

### Analyst View

**Matthew Wilkinson**

Senior Analyst

Morningstar Analyst Rating



### Morningstar Pillars

Process   Page 2-3	⊕ Positive
Performance   Page 4	● Neutral
People   Page 5	⊕ Positive
Parent   Page 6	⊕ Positive
Price   Page 7	● Neutral

Role in Portfolio: Core

### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum



Feb 12, 2018 | A notable duo heads a deep team of analysts, making T. Rowe Price Global Growth Equity a compelling global-equity growth fund.

Scott Berg is the portfolio manager here and impressively displays vast knowledge across both stocks and macroeconomic issues. He has 15 years of investment experience, all of it at T. Rowe Price. Assistant portfolio manager Hari Balkrishna joined Berg in May 2015 and seems to be cut from the same cloth, which bodes well for the team. A competitive advantage is their ability to leverage a large pool of more than 150 global analysts at the firm.

The growth process is well-established; Berg has used it since 2008 managing other vehicles before he took over this fund in 2012. It is based on bottom-up fundamental stock analysis, but Berg is also cognisant of country dynamics that can support an investment decision. Positions are gradually entered and increased as conviction in the investment thesis rises—for stocks appreciating in value, it means the style can appear to have momentum traits. But we take com-

fort in the deep research and constant monitoring of the portfolio. Berg will add to or trim names opportunistically when valuations move around; however, this often increases turnover to a level at odds with the expected holding period.

The process leads to a diversified portfolio of around 130 stocks that have the brightest prospects, often accompanied by macro tailwinds. This is highlighted by a healthy exposure to emerging markets, for instance. That allocation has averaged more than double the fund's MSCI All Country World ex Australia Index benchmark, led by Chinese and Indian names. Being distinctly a growth fund, the typical growth metrics are some of the highest from the funds we cover, as are the price metrics. And although this fund could be used as a core global equity holding, we believe it is best paired with a more neutral-styled or value fund.

The depth of research and diversification mean T. Rowe Price Global Growth Equity is a worthy choice for investors looking for growth from their global-equity exposure.

# T.Rowe Price Global Equity Growth

## 23925



### Process: Approach

**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

**Index Proxy**  
iShares MSCI World ETF

### Analysts scour the world for this growth-oriented fund.

**Process Pillar** + Positive

Feb 12, 2018 | First and foremost, this strategy seeks underappreciated growth potential. Manager Scott Berg wants to own firms that can increase the value or productivity of their assets and relies heavily on T. Rowe Price's massive team of fundamental analysts to find them. He is rather agnostic about where those opportunities

are found, hunting across developed and emerging markets alike with little regard to the benchmark (the MSCI ACWI ex Australia Index). Diversification is his favourite risk-management tool. He spreads positions across many countries and stocks and even buys some value stocks to get diversity of style.

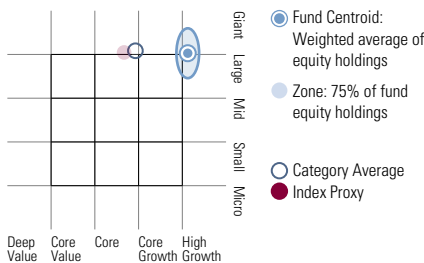
Bottom-up research is the primary driver of stock selection. Berg travels extensively, spending roughly 50% of his time on the road to meet with company management, suppliers, and competitors to ask questions about market and

business conditions, strategy, and so on. He also travels to get a feel for local economic realities and consumer sentiment, which can be particularly relevant for companies in developing economies.

Berg's analysis has a two-year purview. Turnover has been about 100% on an annual basis, which is somewhat higher than that would suggest. However, only about two thirds of it has been from true name turnover; the rest has come from adding to or trimming positions, which Berg does actively as valuations change.

### Equity Style 31/08/18

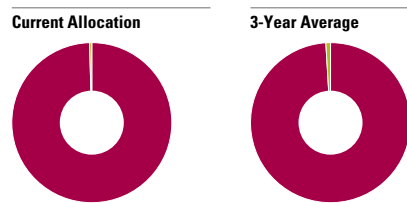
#### Holdings-Based Style Map



#### Equity Style Box Factors

	Fund	3-Yr Avg	Category	Proxy
<b>Market Cap</b>				
Giant/Large	84.9	84.1	82.4	88.7
Mid	13.7	15.3	15.8	11.3
Small/Micro	1.3	0.6	1.8	0.0
Avg Market Cap Bil NZD	67.6	55.5	102.6	68.1
<b>Value Measures</b>				
Price/Prospect. Earnings	24.7	21.7	16.9	16.2
Price/Book	3.5	3.1	2.5	2.3
Price/Sales	3.1	2.4	1.9	1.8
Price/Cash Flow	15.0	11.3	7.9	7.5
Dividend Yield	1.0	1.4	2.1	2.3
<b>Growth Measures</b>				
Long-Term Earnings %	16.1	12.9	12.2	10.3
Historical Earnings %	14.5	11.5	-4.4	10.9
Sales %	10.0	6.4	3.8	1.7
Cash Flow %	13.2	9.7	14.6	3.7
Book-Value %	10.4	6.8	7.9	4.1

### Asset Allocation (Net Positions) 31/08/18



Assets %	Fund	3-Yr Avg	Category	Proxy
● Australasian Equity	0.0	0.0	0.0	0.0
● International Equity	99.6	99.1	0.0	0.0
● New Zealand Fixed Income	0.0	0.0	0.0	0.0
● International Fixed Income	0.0	0.0	0.0	0.0
● Cash	0.5	0.9	0.0	0.0
● Other	0.0	0.0	0.0	0.0

### Region Exposure 31/08/18

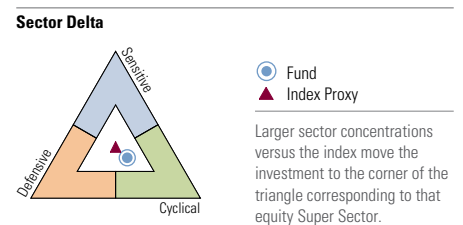
Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	73.2	75.6	95.2	99.7
Emerging	26.8	24.5	4.8	0.3

Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
United States	48.8	50.6	57.0	62.4
China	7.2	5.3	2.0	0.2
India	6.9	5.4	0.9	0.0
Japan	4.4	3.8	7.6	8.5
United Kingdom	3.8	5.5	7.3	5.7

### Key Ratios 31/08/18

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	15.2	14.4	15.6	14.8
ROA %	6.3	6.1	7.5	7.2
Debt/Total Capital %	38.1	38.9	39.9	40.1
ROE %	17.0	17.4	21.3	20.3

### Sectors 31/08/18



Equity Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>19.8</b>	<b>23.8</b>	<b>25.1</b>	<b>24.0</b>
Consumer Defensive	7.7	9.9	10.0	8.2
Healthcare	10.7	12.8	13.5	12.8
Utilities	1.4	1.1	1.6	2.9
<b>Sensitive</b>	<b>33.5</b>	<b>29.0</b>	<b>36.4</b>	<b>39.4</b>
Communication Serv.	0.9	1.6	2.5	3.6
Energy	2.2	2.2	5.3	6.8
Industrials	7.5	9.9	11.4	11.5
Technology	23.0	15.3	17.3	17.5
<b>Cyclical</b>	<b>46.7</b>	<b>47.2</b>	<b>38.5</b>	<b>36.6</b>
Basic Materials	3.2	2.7	5.0	4.6
Consumer Cyclical	18.9	18.0	12.7	11.6
Financial Services	21.8	24.6	18.8	17.9
Real Estate	2.7	1.9	2.1	2.6

### Economic Moat 31/08/18

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	43.8	38.9	50.5	39.5
Narrow Moat	41.9	47.1	34.8	41.9
No Moat	14.3	14.0	14.6	18.6
Coverage Ratio	66.0	66.0	76.6	88.8

# T.Rowe Price Global Equity Growth

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### Process: Portfolio

**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

**Index Proxy**  
iShares MSCI World ETF

### A large global growth portfolio that provides diversification at the stock and sector levels.

**Process Pillar** + Positive

Feb 12, 2018 | Aside from the growth orientation, diversification and emerging-markets exposure are key characteristics of this portfolio. Diversification is manager Scott Berg's primary risk-management tool; the portfolio holds about 130 stocks, with less than 20% of assets in the top 10. He keeps the sector weightings roughly in line

with those of the fund's MSCI ACWI ex Australia benchmark because he sees them as a useful approximation of the global market reality, but he takes more liberty with the country exposures. In particular, he can invest up to 15% more in direct emerging markets than the benchmark, and he takes full advantage of that flexibility.

It is easy for heavily diversified funds such as this one to end up looking too much like the index, but that is not a problem here. The emerging-markets exposure continues to play a big role in differentiating the fund. On top of Chinese expos-

ure, Berg continues to seek out opportunities in less-popular emerging Asian countries like India, Indonesia, and the Philippines, where the manager sees demographic tailwinds. Also typical of growth styles, on average he also prefers stocks further down the market-cap spectrum.

Those elements can amplify return volatility, but the diversification and detailed fundamental research makes this strategy a suitable core piece of an investor's allocation to global equities.

### Similarity to Index Proxy 31/08/18

Index Proxy Overlap		Number of Equity Holdings		Top Five Index Holdings		Fund %	Proxy %	Top Five Index Sectors		Fund %	Proxy %
Fund	0	Apple Inc	—	2.68	Financial Services	21.76	17.89				
Index Proxy	1,190	Amazon.com Inc	—	1.99	Technology	22.95	17.52				
Fund Overlap With Index Proxy	0	Microsoft Corp	—	1.92	Healthcare	10.68	12.82				
Holdings Overlap	0	Facebook Inc A	—	1.00	Consumer Cyclical	18.95	11.61				
Asset Overlap	0.0%	JPMorgan Chase & Co	—	0.94	Industrials	7.47	11.51				

### Portfolio Holdings 31/08/18

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
31/07/18	0	0	2	100%	—

Top 10 Equity Holdings	Country	Assets % 31/08/18	Assets % 31/07/18	Index % 31/08/18	Days Trading	Morningstar Rating for Stocks	Economic Moat	Sector	1-Yr Total Ret % (NZD)
Change since previous portfolio: <span style="color: green;">+</span> Increase <span style="color: red;">-</span> Decrease <span style="color: blue;">*</span> New									

# T.Rowe Price Global Equity Growth

## 23925



### Performance

**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

#### Returns ride the wave of the market's preference for global growth stocks.

**Performance Pillar** ● Neutral

Feb 12, 2018 | Scott Berg's tenure on this vehicle started in June 2012, and his approach is different enough from that of his predecessor to make the previous record largely meaningless in terms of assessing Berg. However, his four-year record at a different vehicle before taking over this one speaks positively of his abilities. During that span,

his strategy outpaced the MSCI ACWI by about 4 percentage points a year.

Since taking over here, the record has been less consistent but positive nonetheless. The strategy lagged from July 2012 through 2013, largely because of emerging-markets woes. The fund bounced back nicely in 2014 and 2015 in part thanks to holdings in U.S. names like Amazon.com, Boeing, and Alphabet. Emerging-markets holdings helped initially in the first half of 2016, but value stocks came roaring back in the second half and left this strategy short of the in-

dex's performance.

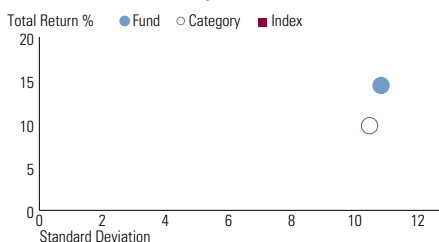
The manager stuck to his guns in 2017 and took full advantage of the rise of growth stocks. Names like Amazon.com, Alphabet, Facebook, Tencent, and Alibaba all delivered handsomely for this strategy. As is typical, stock selection across regions and sectors added value and culminated in outperformance of the MSCI World ex Australia Index by more than 10 percentage points. This puts Berg's track record ahead of this index over the course of his tenure on this fund.

#### Morningstar Rating and Risk 30/09/18

Period	Total Ret %	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	14.41	High	Above Avg	★★★★★
5 Years	—	—	—	—
10 Years	—	—	—	—
<b>Overall Morningstar Rating</b>				★★★★★

#### Risk Analysis 30/09/18

##### 3-Year Return and Risk Analysis



##### 3-Year Risk Measures

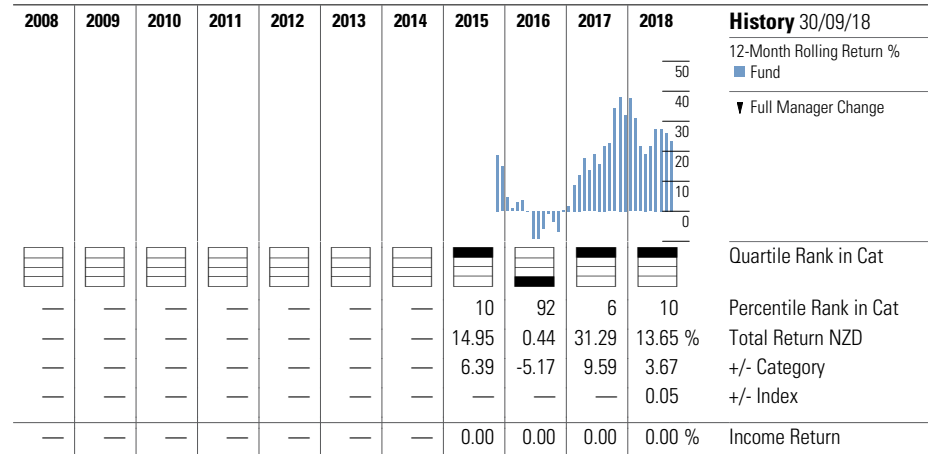
Metric	Fund	Category	Index
Standard Deviation	10.83	10.47	—
Sharpe Ratio	1.12	0.79	—
R-Squared	85.02	82.23	—
Beta	0.97	0.88	—
Alpha	1.77	0.10	—

##### Max Drawdown 01/12/14 to 30/09/18

Metric	Fund	Category	Index
Max Drawdown (%)	-12.81	—	-11.64
Peak Date	08/15	—	06/15
Valley Date	02/16	—	02/16
Max Drawdown (Months)	7	—	9

##### Upside/Downside 01/12/14 to 30/09/18

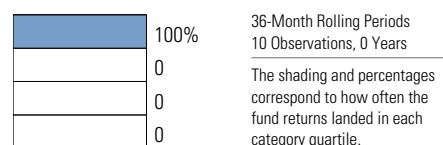
Metric	Fund	Category	Index
Upside Capture Ratio	101.88	—	100.00
Downside Capture Ratio	94.21	—	100.00



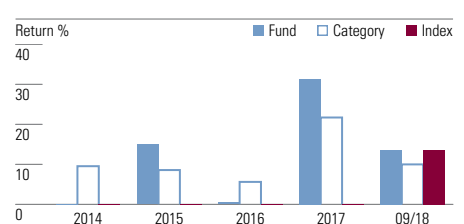
#### Returns 30/09/18

Trailing Returns	Total Ret %	Investor Ret %	% Rank in Cat	Cat Ret %	Index Ret %
1 Year	23.34	22.06	10	19.11	—
3 Years	14.41	17.46	1	9.77	—
5 Years	—	—	—	12.05	—
10 Years	—	—	—	6.60	—
Tenure	—	14.60	—	—	11.11
Inception 11/14	14.58	—	—	—	13.61

#### Rolling Return Summary



#### Calendar Year Returns



Year	Fund %	Category	Index %
2014	—	9.53	—
2015	14.95	8.57	—
2016	0.44	5.61	—
2017	31.29	21.70	—
09/18	13.65	9.98	13.60

# T.Rowe Price Global Equity Growth

## 23925



### People

**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

#### Good experience all around.

#### People Pillar

Positive

Feb 12, 2018 | Scott Berg took over this strategy from the retiring Rob Gensler in June 2012. Berg is experienced, having been with T. Rowe Price since 2002, initially as a stock analyst before being promoted to associate portfolio manager on this strategy in 2005 alongside Gensler. In October 2008, he started managing his own global

large-cap strategy, which he now implements in this vehicle.

Berg appointed Hari Balkrishna as associate portfolio manager in May 2015. To go with impressive academic qualifications, Balkrishna has nine years of investment experience, including five years at the firm as an auto and financials analyst. He helps Berg monitor the portfolio, provides stock ideas, serves as a sounding board, and travels extensively for research and to meet clients. Both exhibit strong investment insights.

Both Berg and Balkrishna work closely

with the sector and regional heads, who manage dedicated portfolios. This group averages more than 18 years of experience and 12 years of tenure with the firm. They also rely heavily on the firm's team of about 125 analysts, who are organised mostly along sector lines, though some are regional generalists. The firm's remuneration plan rewards the managers and the rest of the team for strong long-term performance. Both have significant personal investments in the strategy, which further ensures that their objectives are in line with unitholders'.

#### Management Team

Number of Managers	Longest Tenure
0	Years

#### Advisor

T. Rowe Price International Ltd (NZ)

#### Subadvisor (0 of 0)

— — to Present

Years of Experience	Current Funds Managed	Fund AUM
0	0	— Mil NZD

Largest Funds Managed	Tenure Dates	Role	Net Assets Mil NZD	Portfolio Turnover %	Tenure Ret %	Index Ret %
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# T.Rowe Price Global Equity Growth

## 23925



Parent

**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

**Among the best.**

**Parent Pillar** + Positive

Mar 29, 2018 | T. Rowe Price is evolving but retains the strong research-focused culture that's driven its long-term success. Despite the retirements of some long-tenured portfolio managers, the former CEO, and outgoing CIO Brian Rogers, the firm's careful focus on succession planning and long transition periods have eased the pro-

cess. Even with a changing of the guard, there's no lack of talent. Successful former portfolio manager Rob Sharps is now co-head of global equities and oversees five CIOs who are among the firm's top managers. The analyst team is on solid footing, and the firm has continued hiring despite the pressures facing active managers. CEO Bill Stromberg, who joined T. Rowe in 1987 as an analyst, maintains an investment focus while recognizing that the business must evolve to flourish in an industry that's gravitated toward passive investing. The firm is bolstering its technology

resources and is expanding its distribution overseas, achievable goals given its pristine balance sheet. In 2017, the firm opportunistically acquired the Henderson High Yield Opportunities team, led by a former T. Rowe employee, as it addresses demand for capacity-constrained strategies that are also part of its popular target-date lineup and potentially new multi-asset products down the line (several T. Rowe strategies are closed). T. Rowe is sensibly adapting, and its fundholder-first mentality and ability to attract and retain investment talent support its Positive Parent rating.

**Fund Family Details**

<b>Largest Funds</b>	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
T.Rowe Price Global Equity Growth	Equity Region World	45.0	★★★★★	14.41	1	—	—	—
<b>Best Performing Funds</b>	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
T.Rowe Price Global Equity Growth	Equity Region World	45.0	★★★★★	14.41	1	—	—	—
<b>Worst Performing Funds</b>	Category Name	Net Assets Mil NZD	Morningstar Rating Overall	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
T.Rowe Price Global Equity Growth	Equity Region World	45.0	★★★★★	14.41	1	—	—	—
<b>Top Analyst Rated Funds</b>	Category Name	Net Assets Mil NZD	Morningstar Analyst Rating	Return % 3-Year	Rank in Cat % 3-Year	Return % 5-Year	Rank in Cat % 5-Year	Fee Level
T.Rowe Price Global Equity Growth	Equity Region World	45.0	Bronze	14.41	1	—	—	—
<b>Most Recent Fund Launches</b>	Category Name	Net Assets Mil NZD	Inception Date	Total Return% Since Inception	MER	Fee Level		
T.Rowe Price Global Equity Growth	Equity Region World	45.0	2014-11-07	14.60	1.24	—		

# T.Rowe Price Global Equity Growth

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### Price

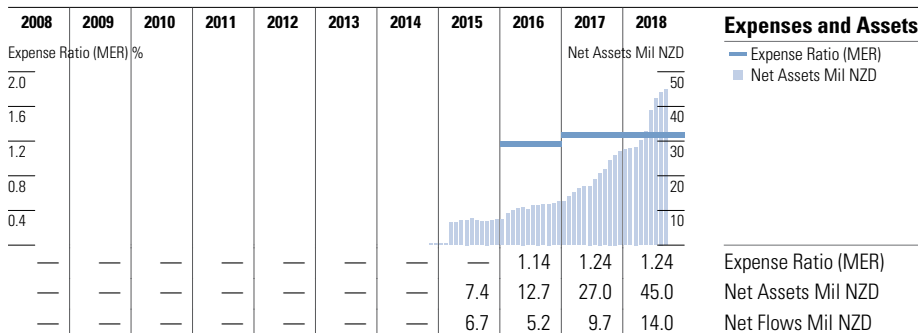
**Morningstar Category**  
Equity Region World

**Category Index**  
MSCI World GR USD

#### A reasonable price for this strategy.

**Price Pillar** ● Neutral

Feb 12, 2018 | T. Rowe Price Global Growth Equity's 1.2% annual management fee is a bit higher than the median wholesale global-equity fund but within the range of average.



#### Expense Breakdown

Management Expense Ratio (MER)	
Annual Report 31/03/18	1.24
Performance Fee	
Actual Performance Fee	N. Ap
Hurdle	N. Ap
High Watermark	N. Ap
Selected Components	
Max Management	1.06
Tax Cost Ratio (3-Year)	1.210

#### Fee Level

Fee Level	Peer Group
—	—
Fee Level Breakpoints	
High	>0.00
Above Average	0.00-0.00
Average	0.00-0.00
Below Average	0.00-0.00
Low	<0.00
◀ Fund	—
◁ Peer Median	—

#### Share Class Information Largest 1 of 1

Share Class	APIR	Category Name	Fee Level	MER	Fees (Max) — Mgmt Admin	Minimum Initial Inv	Assets Mil NZD	1-Yr Flow Mil NZD
<b>T.Rowe Price Global Equity Growth</b>	—	<b>Equity Region World</b>	—	<b>1.24</b>	<b>1.06</b> —	<b>25,000</b>	<b>45.54</b>	<b>17.45</b>

# Morningstar Global Fund Report Disclosure

## Currency

This Research Report is current as at the date on the report until it is replaced, updated or withdrawn. Our financial product research may be withdrawn or changed at any time as other information becomes available to us. This report will be updated if events affecting the report materially change.

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For further information as to:

- the scope and expertise of our research,
- the process by which products are selected for coverage,
- the filters and research methodology applied, and
- Morningstar's ratings and recommendation scales across credit, equity, ETF, fund, and LIC research, please refer to the Research Overview documents at [www.global.morningstar.com/au/researchdocuments](http://www.global.morningstar.com/au/researchdocuments)

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