

T.Rowe Price Global Equity Growth

23925

Morningstar Analyst Rating

17 Mar 2020
09:48, UTC-0500

Analyst Notes

T. Rowe Price Global Growth Equity Associate Portfolio Manager Transition; Ratings Unchanged

Maintain Rating

Apr 30, 2020 | T. Rowe Price Global Growth Equity is transitioning to a new associate portfolio manager, but the experience of lead manager Scott Berg and the strength of the firm's analyst team keep the strategy's People Pillar rating at High and overall Morningstar Analyst Rating of Gold (or Silver, for a hedged vehicle) unchanged.

Hari Balkrishna, who has served as associate portfolio manager here since May 2015, is departing at year-end 2020 for his own, yet-to-be-launched strategy. He'll spend the next eight months transitioning duties to Philip Richards, who was added as a dedicated analyst here on May 1, 2020. While lead manager Scott Berg sits in Baltimore, Balkrishna and Richards are based in London, which Berg believes is helpful to split up coverage and management meetings. Richards, who has covered consumer, Internet, and technology stocks, joined T. Rowe in 2018 and previously spent four years at Goldman Sachs as a business services equity research associate.

This isn't the first associate manager transition for the strategy. Jason Nogueira aided Berg as associate manager from 2010 until mid-2016 when he took over T. Rowe Price Global Consumer PGLGX. Balkrishna had exhibited strong insights as an analyst and associate manager. While a successful repeat isn't guaranteed, we have a high degree of confidence in Berg and the firm's analyst team. Additionally, the roughly eight-month transition should be helpful in getting Richards up to speed.

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Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Total Assets
201
Mil NZD

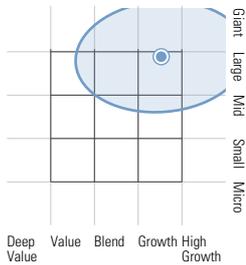
Inception Date
07/11/14

Domicile
NZL

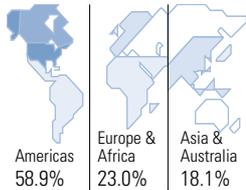
Currency
NZD

Morningstar Rating
★★★★★

Equity Style Map



Equity Region Exposure



People

Total Named Managers 0

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets						10	92	6	15	32	4
Annualized NZD						14.95	0.44	31.29	-2.18	28.27	29.74 %
Fund						6.39	-5.17	9.59	3.05	3.45	22.36
Category						1.15	-5.74	10.62	0.46	0.65	22.49
Index											
Expense Ratio (MER)							1.14	1.24	1.24	1.25	1.27 %

Performance 30/11/20

	Value NZD	Ret %
Growth of 10,000 Annualized NZD	24,677	16.49
Fund	—	—
Category	19,430	11.88
Index	—	—

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)

An impressive manager and best-in-class research platform push this fund to the top.

Analyst View

Christopher Franz, CFA, Senior Analyst

Morningstar Analyst Rating



Morningstar Pillars

Process Page 2-3 ● Above Average

Performance Page 4

People Page 5 ● High

Parent Page 6 ● High

Price Page 7

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



Mar 17, 2020 | T. Rowe Price Global Equity's impressive manager and best-in-class research platform push this fund to the top of the global equity peer group. Lead manager Scott Berg displays an impressive command of the portfolio and macro-economic issues that affect it. He joined T. Rowe Price as an analyst in 2002 and took over this vehicle in 2012, though he's managed a similar strategy since 2008. Berg's experience and familiarity with the firm's analyst platform are critical given his global, go-anywhere approach. Alongside associate portfolio manager Hari Balkrishna, who joined Berg in 2015 and similarly shows off vast investment insights, Berg leverages T. Rowe's enormous global team to build a distinctive growth portfolio. It's vast, holding around 150 stocks, making diversification the key risk management tool here. Berg has done well to keep risk in check, particularly given the portfolio's heavy growth tilt and high price multiples. He looks for companies that can compound earnings and cash flow growth, but is agnostic as to where he finds opportunities. While this means the

strategy holds mega-cap stalwarts like Alphabet and Amazon, Berg sets it apart by investing meaningfully in emerging markets, with an exposure more than double the MSCI All County World ex Australia Index, particularly in India and south-east Asian countries like the Philippines. This emerging-markets stake could increase volatility in the wrong hands, but we don't think that's the case here with Berg at the helm. Since he's taken over, Berg has amassed a strong record, beating the strategy's index and peer group, with less risk. His constant monitoring of the portfolio gives us comfort but can lead to high stock turnover, over 80% in some years, which is an ongoing watch point for us. Despite the roughly NZD 10 billion strategy's heavy growth tilts, we think it can be used as a core global equity holding. Berg has proven he can handle the sprawling portfolio, which backed by T. Rowe Price's research and vast resources, gives this strategy a clear edge.

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Morningstar Analyst Rating
 **Gold**
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Process: Approach

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Index Proxy
UBS ETF MSCI World
USD A dis

Analysts scour the world for this growth-oriented fund.

Process Pillar ● Above Average

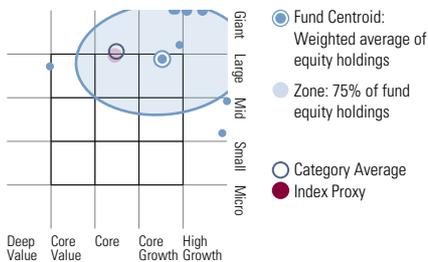
Mar 17, 2020 | First and foremost, this strategy seeks underappreciated growth potential. Manager Scott Berg wants to own firms that can increase the value or productivity of their assets and relies heavily on T. Rowe Price's massive team of fundamental analysts to find them. He's rather agnostic about 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 for further diversity. 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, particularly relevant for companies in developing economies. Berg's analysis has a two- to three-year purview. Turnover is typically upwards of 80% on an annual basis, which is somewhat higher than that would suggest. However, only about one third 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 30/06/20

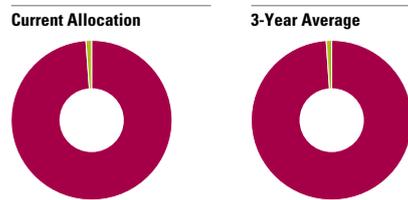
Holdings-Based Style Map



Equity Style Box Factors

	Fund	3-Yr Avg	Category	Proxy
Market Cap				
Giant/Large	81.1	83.6	69.9	—
Mid	17.6	15.5	20.6	—
Small/Micro	1.3	0.9	9.5	—
Avg Market Cap Bil NZD	79.3	63.8	89.0	95.6
Value Measures				
Price/Prospect. Earnings	30.3	24.2	20.9	20.2
Price/Book	2.8	3.3	2.8	2.5
Price/Sales	2.7	2.8	2.3	2.0
Price/Cash Flow	11.3	13.2	13.7	12.9
Dividend Yield	1.3	1.2	1.4	2.0
Growth Measures				
Long-Term Earnings %	12.3	13.6	9.9	9.2
Historical Earnings %	9.1	17.1	7.9	4.3
Sales %	10.8	10.2	5.8	4.4
Cash Flow %	11.1	13.6	6.1	6.5
Book-Value %	13.2	10.3	6.1	5.2

Asset Allocation (Net Positions) 31/10/20



Assets %	Fund	3-Yr Avg	Category	Proxy
● Australasian Equity	0.0	0.0	0.0	0.0
● International Equity	98.9	98.9	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	1.1	1.1	0.0	0.0
● Other	0.0	0.0	0.0	0.0

Region Exposure 30/09/20

Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	82.6	75.6	91.9	—
Emerging	17.4	24.4	8.1	—

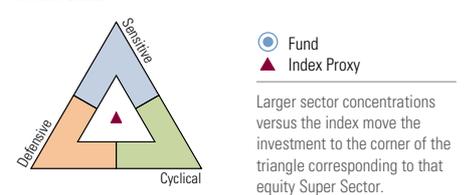
Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
United States	53.3	50.2	64.3	—
China	6.7	6.8	5.4	—
United Kingdom	6.7	4.3	3.3	—
Germany	5.7	2.9	2.6	—
India	4.4	5.9	1.3	—

Key Ratios 30/09/20

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	10.7	14.5	11.5	13.6
ROA %	4.2	6.0	2.7	7.0
Debt/Total Capital %	37.3	37.1	38.3	42.4
ROE %	11.4	16.2	14.0	21.0

Sectors 30/09/20

Sector Delta



Equity Sectors	Fund	3-Yr Avg	Category	Proxy
Defensive	22.5	22.7	28.3	—
Consumer Defensive	6.2	7.9	7.5	—
Healthcare	13.9	12.6	18.8	—
Utilities	2.4	2.3	1.9	—
Sensitive	39.0	35.5	41.1	—
Communication Serv.	9.0	3.5	11.3	—
Energy	0.8	2.2	1.1	—
Industrials	8.9	8.3	8.9	—
Technology	20.3	21.4	19.8	—
Cyclical	38.5	41.8	30.6	—
Basic Materials	4.0	3.3	3.3	—
Consumer Cyclical	15.0	17.0	13.4	—
Financial Services	18.0	19.3	12.1	—
Real Estate	1.6	2.3	1.8	—

Economic Moat 30/09/20

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	46.8	44.3	45.1	—
Narrow Moat	39.0	40.9	39.1	—
No Moat	14.2	14.9	15.7	—
Coverage Ratio	71.0	69.0	72.6	—

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 **Gold**
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Process: Portfolio

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Index Proxy
UBS ETF MSCI World
USD A dis

Growth-oriented but with lots of diversification at stock and sector level.

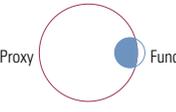
Process Pillar ● Above Average

Mar 17, 2020 | 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 150 stocks (up from 130 in recent years due to the inclusion of China A shares), with around 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. The emerging-markets exposure continues to play a big role in differentiating the fund; it can invest up to 15% more in direct emerging markets than the benchmark. On top of Chinese exposure, Berg continues to seek 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 30/09/20

Index Proxy Overlap		Number of Equity Holdings		Top Five Index Holdings		Fund %		Proxy %		Top Five Index Sectors		Fund %		Proxy %	
 <p>Circle size represents number of holdings.</p>	Fund	149	Apple Inc	1.20	4.44	Real Estate	1.56	—							
	Index Proxy	1,593	Microsoft Corp	—	3.35	Financial Services	18.00	—							
	Fund Overlap With Index Proxy	115	Amazon.com Inc	3.43	2.95	Consumer Cyclical	14.97	—							
	Asset Overlap	—	Facebook Inc A	2.12	1.39	Basic Materials	3.96	—							
			Alphabet Inc Class C	2.19	0.99	Technology	20.27	—							

Portfolio Holdings 30/09/20

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
30/06/20	149	0	16	20%	—

Top 10 Equity Holdings	Country	Assets % 30/09/20	Assets % 30/06/20	Index % 30/09/20	Days Trading	Morningstar Rating for Stocks	Economic Moat	Sector	1-Yr Total Ret % (NZD)
⊖ Alibaba Group Holding Ltd ADR	CHN	3.54	3.02	—	<1	★★★	Wide	Consumer Cyclical	20.27
⊖ Amazon.com Inc	USA	3.43	4.13	2.95	<1	★★★	Wide	Consumer Cyclical	60.68
✳ Miscellaneous Securities	—	2.42	—	—	—	—	—	—	—
⊕ Alphabet Inc Class C	USA	2.19	2.38	0.99	<1	★★★	Wide	Communication Serv.	23.23
⊖ Facebook Inc A	USA	2.12	2.12	1.39	<1	★★★	Wide	Communication Serv.	25.46
✳ FedEx Corp	USA	1.46	—	0.14	<1	★★	Narrow	Industrials	65.02
⊕ Evotec SE	DEU	1.38	1.36	—	2	—	—	Healthcare	25.99
⊖ Tencent Holdings Ltd	CHN	1.32	1.57	—	<1	★★★	Wide	Communication Serv.	56.81
✳ Apple Inc	USA	1.20	—	4.44	<1	★★	Narrow	Technology	63.85
✳ NextEra Energy Inc	USA	1.18	—	0.30	<1	★★	Narrow	Utilities	17.17

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✳ New

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Performance

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Impressive long-term returns while managing risks.

Performance Pillar

Mar 17, 2020 | 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 on a US vehicle puts him well ahead of the growth index and peers over its full life. Since

taking over here, both relative and absolute performance has been largely impressive. 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 index's performance. The manager stuck to his guns in 2017 and took full advantage of the rise of

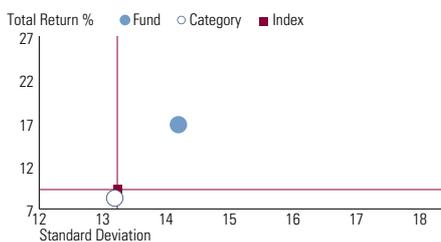
growth stocks. Names like Amazon.com, Alphabet, Facebook, Tencent, and Alibaba all delivered handsomely for this strategy. Amazon.com continued to help in 2018, and Berg's stock-selection abilities was the strategy's outperformance in 2018 amid the emerging-markets sell-off, an area in which a large allocation still exists. It continued its winning streak in 2019, besting its index and peer group, gaining nearly 30% in a growth-fueled market. Overall, Berg's strong record gives the fund an edge over his tenure.

Morningstar Rating and Risk 30/11/20

Period	Total Ret %	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	16.74	High	Above Avg	★★★★★
5 Years	15.43	High	High	★★★★★
10 Years	—	—	—	—
Overall Morningstar Rating				★★★★★

Risk Analysis 30/11/20

3-Year Return and Risk Analysis



3-Year Risk Measures

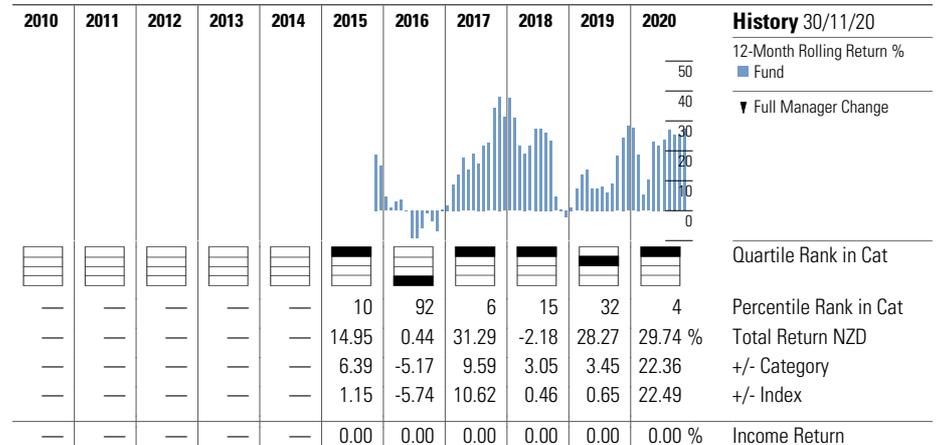
	Fund	Category	Index
Standard Deviation	14.19	13.19	13.23
Sharpe Ratio	1.08	0.55	0.46
R-Squared	84.37	86.02	—
Beta	0.99	0.95	—
Alpha	6.94	0.26	—

Max Drawdown 01/12/14 to 30/11/20

	Fund	Category	Index
Max Drawdown (%)	-15.25	—	-20.93
Peak Date	09/18	—	01/20
Valley Date	12/18	—	03/20
Max Drawdown (Months)	4	—	3

Upside/Downside 01/12/14 to 30/11/20

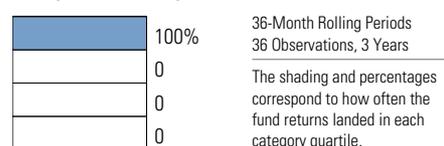
	Fund	Category	Index
Upside Capture Ratio	108.03	—	100.00
Downside Capture Ratio	84.05	—	100.00



Returns 30/11/20

Trailing Returns	Total Ret %	Investor Ret %	% Rank in Cat	Cat Ret %	Index Ret %
1 Year	27.32	27.96	4	9.21	5.13
3 Years	16.74	20.82	1	7.72	9.24
5 Years	15.43	20.57	1	8.44	10.06
10 Years	—	—	—	9.35	11.44
Tenure	—	15.81	—	—	10.95
Inception 11/14	15.80	—	—	—	11.44

Rolling Return Summary



Calendar Year Returns

Calendar Year Returns chart showing Return % (Y-axis, -15 to 45) from 2016 to 2020. The Fund (blue bars) shows strong returns in 2016 (31.29%), 2017 (9.59%), 2018 (-2.18%), 2019 (28.27%), and 2020 (29.74%). The Category (white bars) and Index (red bars) show lower returns, with the Index ending at 22.49% in 2020.

Year	Fund %	Category	Index %
2016	31.29	9.59	5.13
2017	9.59	-5.17	5.13
2018	-2.18	3.05	-2.64
2019	28.27	3.45	27.62
11/20	29.74	7.38	7.25

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People

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

An impressive leadership draws from one of the best teams in the business.

People Pillar ● High

Mar 17, 2020 | Scott Berg took over this strategy 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 Global Focused Growth strategy in 2005 alongside Rob Gensler, who retired in 2012. In October 2008, he started man-

aging his own global growth 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 12 years of investment experience, including nine 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. They also heavily rely on T. Rowe's broad equity research platform, located across eight global offices. The research team, more than 170-strong, 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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Parent

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Among the best.

Parent Pillar  High

May 04, 2020 | T. Rowe Price remains well-positioned in an increasingly competitive industry, earning a High Parent rating. It has withstood the headwinds facing active managers with its rigorous research process, strong performance across asset classes, and continued investment in its research team. Head count grew 9% in 2019, and T.

Rowe's debt-free balance sheet gives it flexibility to keep hiring amid an economic slowdown, as it did in past downturns. A build-out of its multi-asset team in recent years supported enhancements to its prized target-date suite in 2020, and the firm has bolstered its quantitative capabilities for internal and external use. While T. Rowe typically home-grows its talent, it has made several experienced equity analyst hires in key sectors lately. This strengthened analyst bench has allowed the firm to capably handle expected manager retirements with its characteristically

smooth transitions as well as the rare surprise loss, such as when star manager Henry Ellenbogen left to start his own firm in 2019.

T. Rowe is evolving from a business standpoint. It's broadening distribution outside the U.S., expanding its ESG capabilities, and planning for semitransparent exchange-traded funds, expected in late 2020. Yet it brings a measured, thoughtful approach to strategy launches and capacity management, with fundholders' interests at the forefront.

Fund Family Details

Largest Funds		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	201.4	★★★★★	16.74	1	15.43	1	—
Best Performing Funds		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	201.4	★★★★★	16.74	1	15.43	1	—
Worst Performing Funds		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	201.4	★★★★★	16.74	1	15.43	1	—
Top Analyst Rated Funds		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	201.4		16.74	1	15.43	1	—
Most Recent Fund Launches		Category Name	Net Assets Mil NZD	Inception Date	Total Return% Since Inception	MER	Fee Level		
T.Rowe Price Global Equity Growth		Equity Region World	201.4	2014-11-07	15.81	1.27	—		

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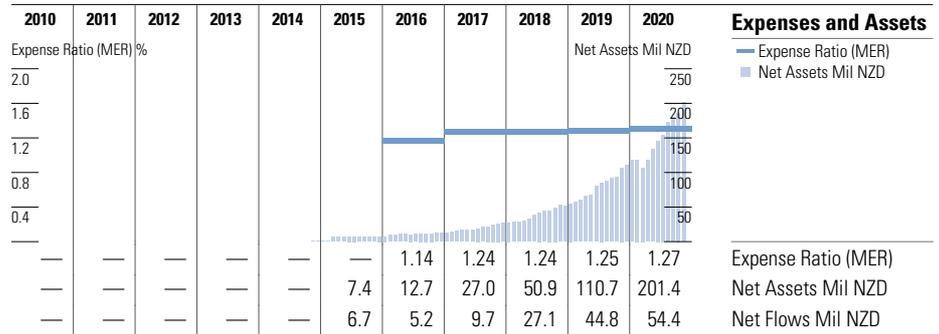
Price

Morningstar Category
Equity Region World

Category Index
MSCI World GR USD

Price Pillar

Mar 17, 2020 | It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's middle quintile. That's not great, but based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will still be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Gold.



Expense Breakdown

Management Expense Ratio (MER)	
Annual Report 31/03/20	1.27
Performance Fee	
Actual Performance Fee	N. Ap
Hurdle	N. Ap
High Watermark	N. Ap
Selected Components	
Max Management	0.75
Tax Cost Ratio (3-Year)	0.910

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
T.Rowe Price Global Equity Growth	—	Equity Region World	—	1.27	0.75 —	25,000	203.55	60.19

Research Report Disclosure Document (Australia and New Zealand)

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. A report will be updated if events affecting the report materially change.

Research Criteria

For further information as to:

- the scope 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

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