



T.RowePrice

Perspectives On Active Value Investing

Preparing For The New Age

Andrew Clifton, Portfolio Specialist

8th May 2024

THIS MARKETING COMMUNICATION IS FOR INVESTMENT PROFESSIONALS ONLY. NOT FOR FURTHER DISTRIBUTION.

The world we now live in

1.5%

Current level of US real long term rates (.v. **-1.5%** in Q2 2020)¹

73%

The current PE ratio premium of US growth stocks over value ones²

US\$34tn

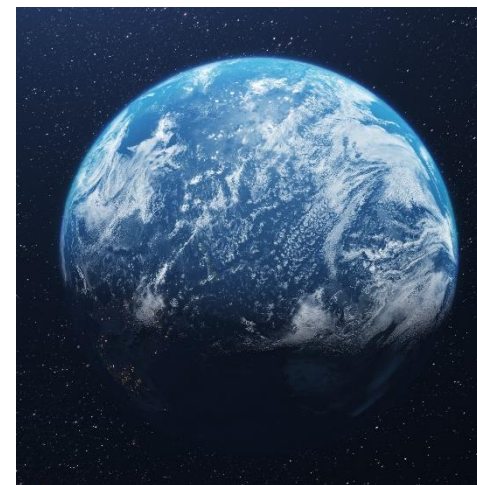
US total public debt end of 2023 (123% of GDP .v. 63% 2007)³

1 of 5

The number of regions⁴ where growth beat value in 2023⁵ - the US!

US\$4tn

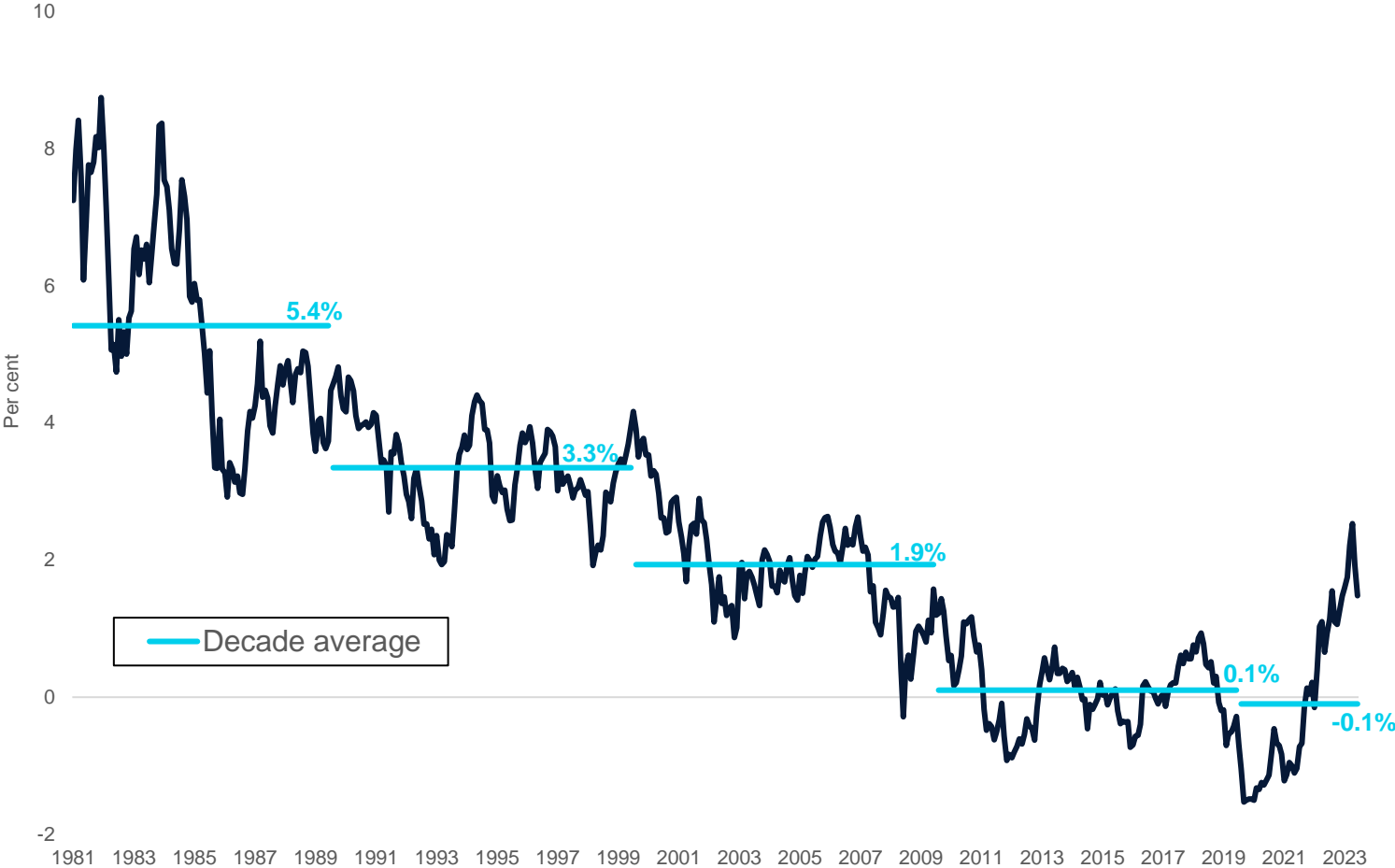
Required annual global investment in clean energy out to 2050⁸



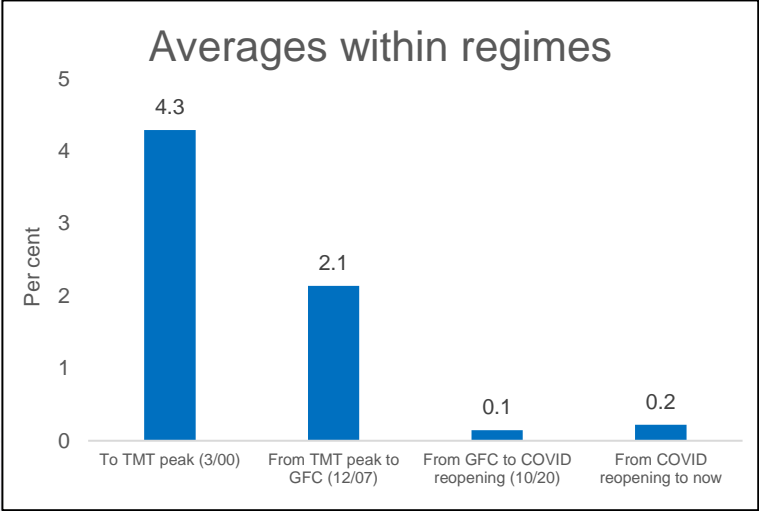
¹Using JP Morgan analysis, see next page. ²Factset Research Systems Inc, T. Rowe Price analysis. ³Source US Treasury at fiscaldata.treasury.gov. ⁴Regions used are United States, Europe, Japan, Asia ex-Japan and Emerging Markets. ⁵As reflected in respective total returns of MSCI regional growth and value indices. ⁶IEA "Net Zero by 2050 – A Roadmap For The Global Energy Sector". Data as of 31st March 2024.

Capital, once again, has a real price

10 year US Treasury real yield



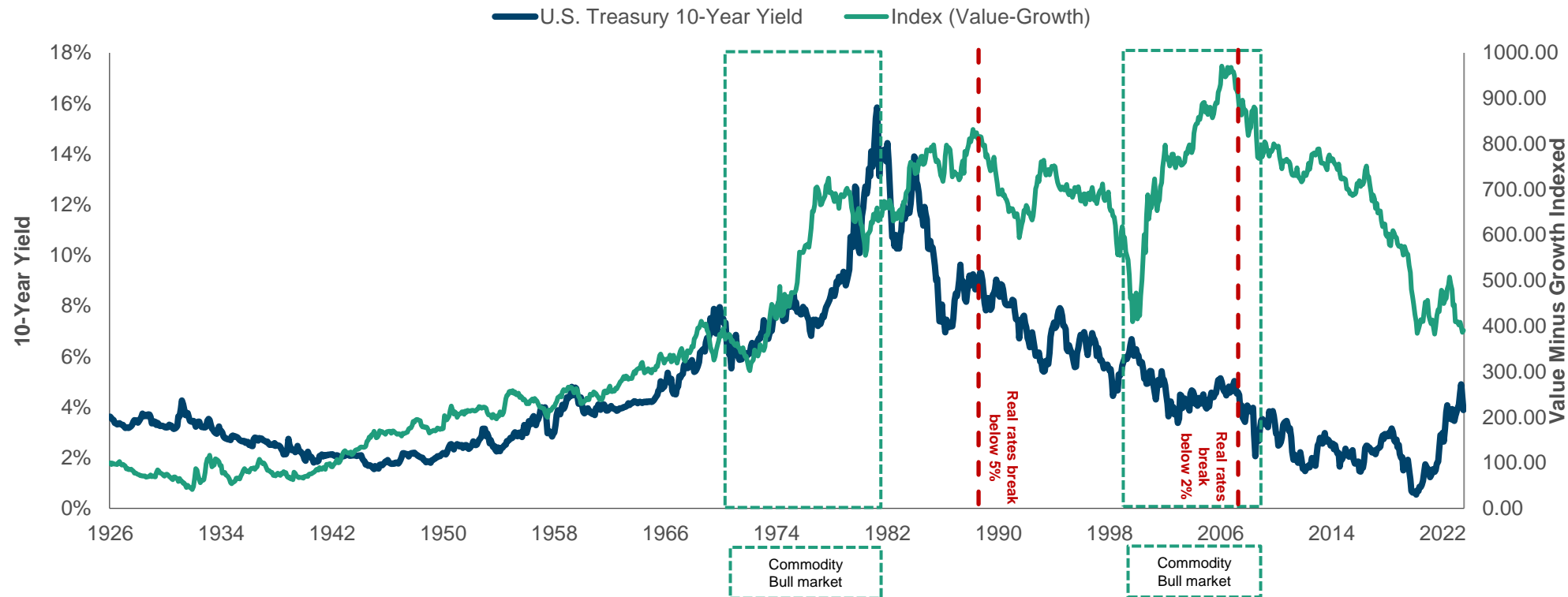
Source: JP Morgan, Philadelphia Fed. The real yield is constructed by subtracting 10-year ahead expected inflation from the nominal 10-year yield. Inflation expectations are from the Survey of Professional Forecasters, the Livingston Survey, the Blue Chip Economic Indicators. Data as at 31st March 2024.



Higher rates, reflation & a low valuation are a positive back-drop

U.S. large-cap value and growth performance and yields

June 1926 to December 2023 (Monthly Observations)



Past performance is not a reliable indicator of future performance.

Source: June 1926–December 1978: Fama/French Benchmark Portfolios representing “Big Value” and “Big Growth.” The Fama/French benchmark portfolios are rebalanced quarterly using two independent sorts, on size and book to market. The size breakpoint for “Big” versus “Small” is the median NYSE market equity. The growth/value breakpoint is the 30th and 70th NYSE percentiles of book to market ratios. Real interest rate breaks are April 1989 and November 2007. Commodity bull markets defined by performance of commodity price index, respective periods are 1971-1980 and 1999-2008.

January 1979–Present: Russell 1000 Value and Growth Index monthly total returns. Please see Additional Disclosures page for more information about this Russell information.

What to watch

Just some of the factors that will influence the paths of inflation and rates – both nominal and real

The commodity complex

- The energy transition will be complex and long-lasting
- Productivity could decline, most likely inflationary for energy...
- ...and commodities broadly, along with additional pressures

The outlook for investment

- Historic underinvestment needs to be addressed in many industries
- Decarbonisation requires massive investment in energy...
- ...but there are also myriad challenges across many industries

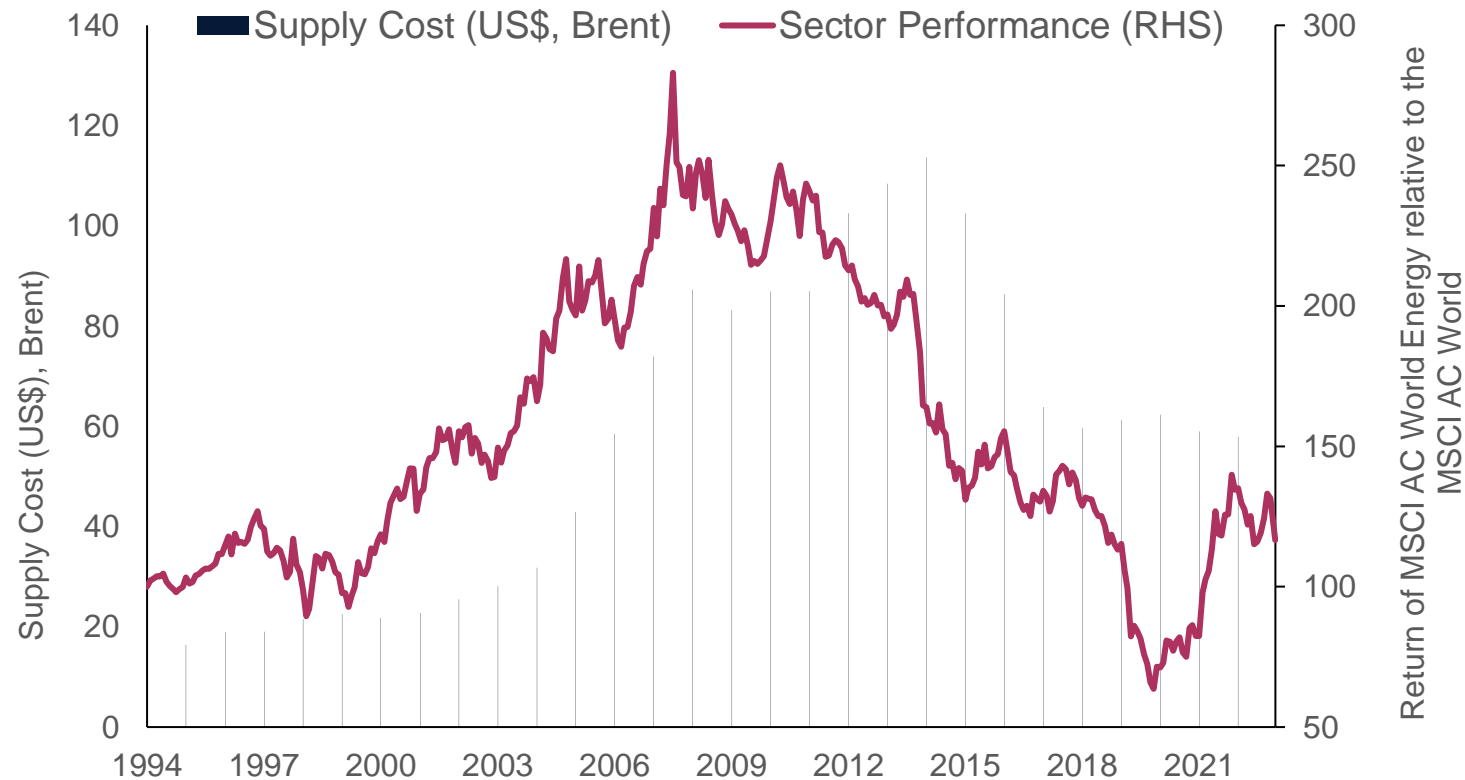
Macro considerations

- The existing high level of government debt – where next?
- How well anchored are inflation expectations?
- The role of geopolitics & restructured supply chains

We may be entering an era of falling energy productivity

An increasing cost curve could be a positive backdrop for the energy sector

Estimated supply cost & sector relative performance



Past performance is not a reliable indicator of future performance.

Sources: Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved. Brent, based on BMO cost study methodology (realized gas:oil ratio). MSCI. Please see Additional Disclosures page for more information about this MSCI information. As of 31st March 2024.



An inflationary backdrop for commodity prices more widely due to input costs and supply constraints

40%

of mining input costs are related to energy¹

“Labour costs are replacing oil products as a mine’s most expensive item...”

The Northern Miner,
June 6th, 2023



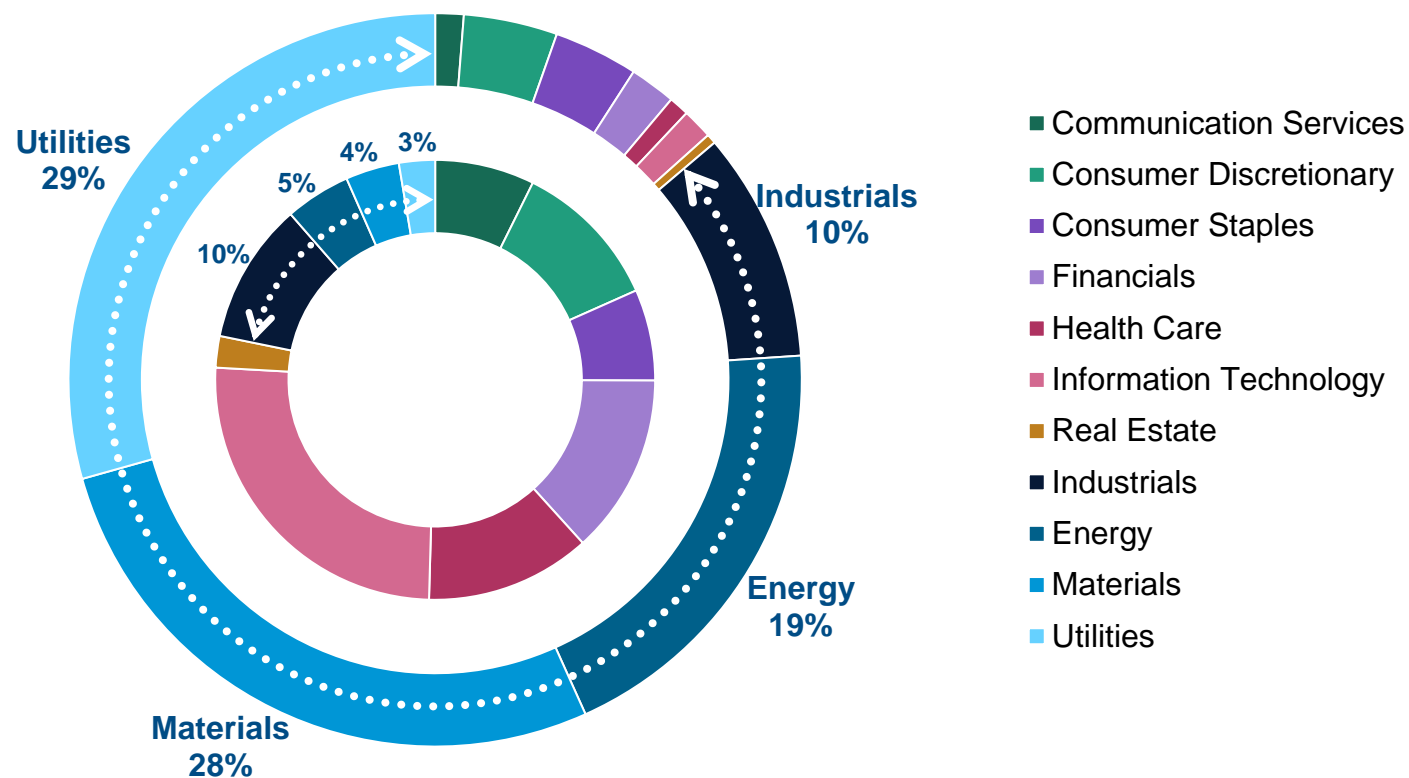
Protesters vs critical minerals: Panama copper fiasco shows risks to green transition

Financial Times
(18th December 2023)

¹Source: T. Rowe Price estimate. As of 31st March 2024.

The net zero battleground

Over 80% of greenhouse gas (GHG) emissions are generated in 4 sectors – mostly value-oriented - representing only around 20% of the global market

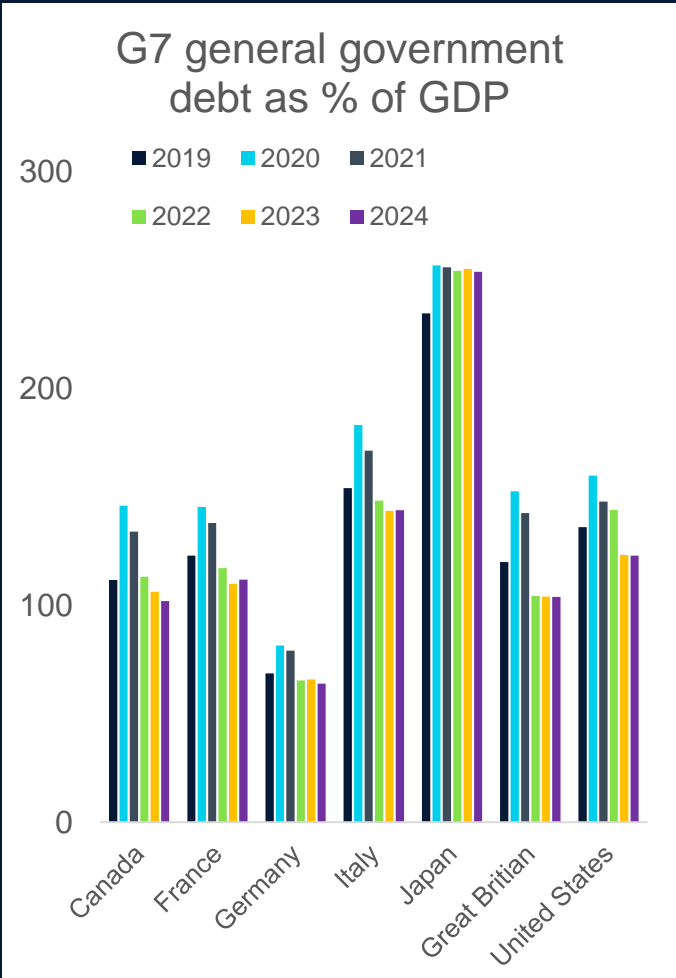
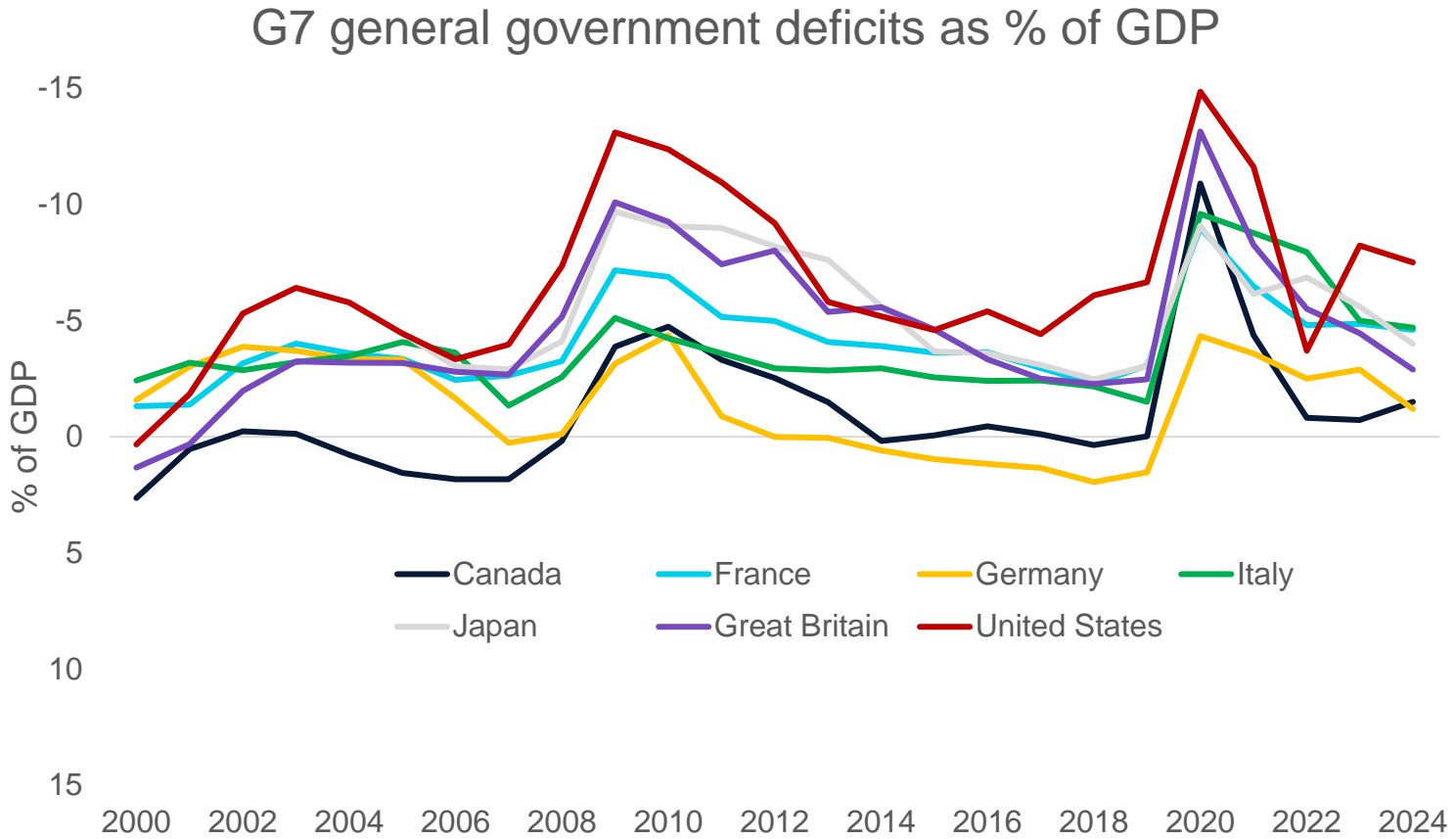


Note: Outer circle represents share of scope 1-2 GHG emissions. Inner circle represents weight in MSCI World Index.
 Source: Bloomberg Finance L.P. (Emissions data for 2021; MSCI World Index weights as of 31st March 2024). Please see Additional Disclosures for sourcing information.



Challenging debt dynamics remain

Is there appetite for austerity, where are the vigilantes?



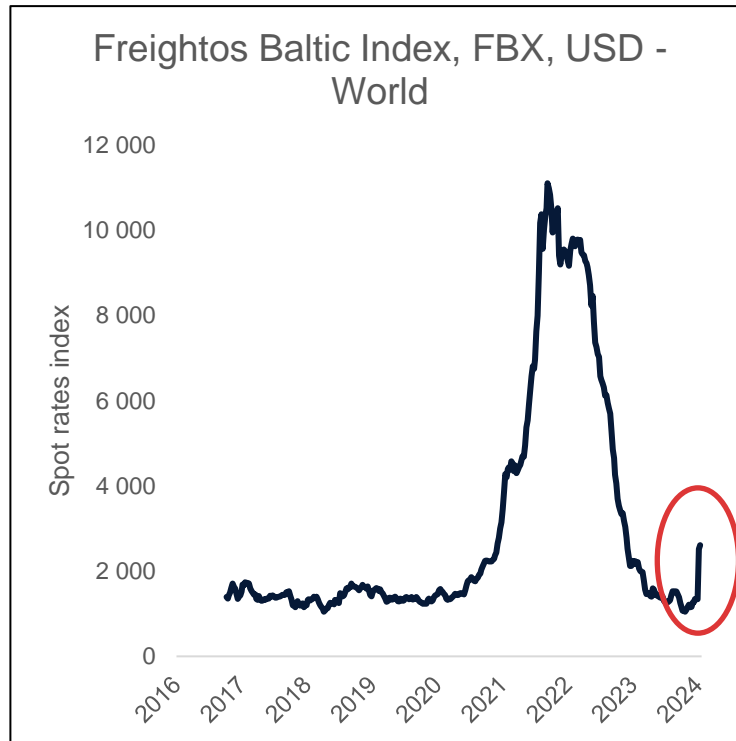
Source: 2000-2020 OECD at <https://data.oecd.org/gga/general-government-deficit.html>; 2021-2023, IMF World Economic Outlook October 2023; 2024 Citibank estimates. As at 31st March 2024.

Geopolitics: the move away from the “efficient frontier”

“The year 2023 witnessed a three-decade high in the number of conflicts worldwide”

- United Nations Security Council

9th January 2024



“So we find ourselves at the dawn of a new era... And we have come full circle. Moving from a post-war to a pre-war world.”

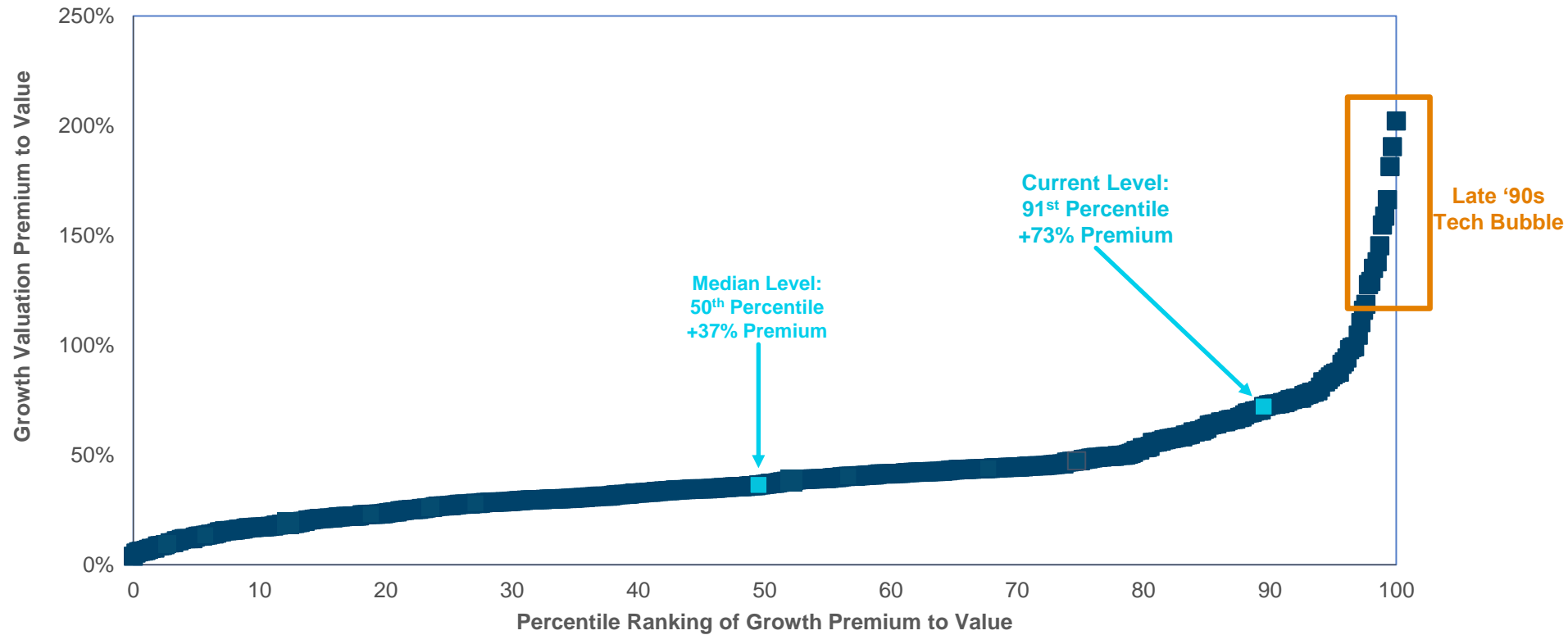
- UK Defence Secretary, Lancaster House speech
15th January 2024

Source: Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved. The daily FBX Container Index, in partnership with Freightos, reflects the spot rates for 40-foot containers on 12 tradelanes. It provides the market with a credible and fully transparent reference point and is based on the world's largest global database of freight rates using real-time data from logistics providers. Data as of 31st March 2024.

The growth premium is still elevated

PERCENTILES OF GROWTH PREMIUM TO VALUE

Forward Price-to-Earnings Ratio (Weighted Average) of Russell 1000 Growth Index Divided by Russell 1000 Value
From December 1978 to 31 March 2024 (Monthly Observations)



Past performance is not a reliable indicator of future performance.

Source: T. Rowe Price analysis using data from FactSet Research Systems Inc. All rights reserved.

Please see Additional Disclosures page for sourcing information.

Summary

Should investors prepare for “A New Age”?

Many breaks with the past

- Deglobalisation, geopolitics and changing expectations present a different picture
- The recent recovery in real rates may herald a transformation

The industrial landscape

- The commodity complex could be in a more inflationary environment
- Investment in many industries is likely to rise, not least driven by the green transition
- Active fundamental investors can sift the winners from the losers

The implications for investors

- This changed landscape may demand a change in investors' allocations
- Value investing remains relevant and current relative valuations are attractive

T. Rowe Price Funds SICAV - Global Value Equity Fund

As of 31 Dec 2023

CITYWIRE

GOLD

Controversy

Markets can be inefficient - market perception can change much more than the intrinsic value of a company



Insight

Fundamental forward-looking insights inform as to whether the controversy can be resolved and the degree of mispricing



Asymmetry

Scenarios first quantify the downside risk, and then map this against the potential greater reward



Across The Value Spectrum

Different types of Value are effective at different times – we invest in defensive higher quality stocks through to more cyclical, deeper value names



✓ MSCI World Net Index benchmark¹

✓ 80-100 stocks

✓ 0.5 - 5% average position size

✓ Max 10% Emerging Markets exposure

✓ Diversified across sectors, regions and market cap

- Country ranges +/- 10% active (USA +/- 20%)
- Sector ranges +/- 15% active

Source: Citywire (please see additional disclosures)

¹ The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

The expected investment parameters for the T. Rowe Price Funds SICAV—Global Value Equity Fund are relative to the MSCI World Net Index and represent anticipated ranges of exposure at the time of purchase. Market fluctuations may cause actual exposure to fall outside these ranges. Actual results may vary, and the information should not be considered or relied upon as a projection of future performance.

Additional Disclosures

Citywire: The Fund manager is rated by Citywire based on the manager's 3 year risk adjusted performance. For further information on ratings methodology please visit www.aboutcitywire.com
Certain numbers in this report may not add due to rounding and/or the exclusion of cash.

FTSE/Russell: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. FTSE Russell is a trading name of certain of the LSE Group companies. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

MSCI: MSCI and its affiliates and third party sources and providers (collectively, "MSCI") makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. Historical MSCI data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

MSCI/S&P (GICS): The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International Inc, ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by [Licensee]. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any or such standard or classification, Without limiting any or the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Important Information

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities (“UCITS”). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents (KIID) and/or key information document (KID) in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and the annual and semi-annual reports (together “Fund Documents”). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

This material is being furnished for general informational and/or marketing purposes only. The material does not constitute or undertake to give advice of any nature, including fiduciary investment advice, nor is it intended to serve as the primary basis for an investment decision. Prospective investors are recommended to seek independent legal, financial and tax advice before making any investment decision. T. Rowe Price group of companies including T. Rowe Price Associates, Inc. and/or its affiliates receive revenue from T. Rowe Price investment products and services. **Past performance is not a reliable indicator of future performance.** The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request. It is not intended for distribution to retail investors in any jurisdiction.

South Africa - Issued in South Africa by T. Rowe Price International Ltd (TRPIL), Warwick Court, 5 Paternoster Square, London EC4M 7DX, is an authorised financial services provider under the Financial Advisory and Intermediary Services Act, 2002 (Financial Services Provider (FSP) Licence Number 31935), authorised to provide “intermediary services” to South African Investors. TRPIL’s Complaint Handling Procedures are available to clients upon request. The Financial Advisory and Intermediary Services Act Ombud in South Africa deals with complaints from clients against FSPs in relation to the specific services rendered by FSPs. The contact details are noted below: Telephone: +27 12 762 5000, Web: www.faisombud.co.za, Email: info@faisombud.co.za

© 2024 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/ or apart, trademarks of T. Rowe Price Group, Inc.

202404-3390941